



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## Kittitas County

For the period January 1, 2023 through December 31, 2023

*Published September 23, 2024*

Report No. 1035636



Scan to see another great way  
we're helping advance  
#GoodGovernment



**Office of the Washington State Auditor  
Pat McCarthy**

September 23, 2024

Board of Commissioners  
Kittitas County  
Ellensburg, Washington

**Report on Financial Statements and Federal Single Audit**

Please find attached our report on Kittitas County's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the County's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

## TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Schedule of Federal Award Findings and Questioned Costs.....	6
Summary Schedule of Prior Audit Findings .....	9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	10
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance .....	12
Independent Auditor's Report on the Financial Statements.....	16
Financial Section.....	20
Corrective Action Plan for Findings Reported Under Uniform Guidance .....	105
About the State Auditor's Office.....	106

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Kittitas County January 1, 2023 through December 31, 2023

### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Kittitas County are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

#### Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the County.

#### Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the County’s compliance with requirements applicable to each of its major federal programs.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

## Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
20.106	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs
20.106	COVID-19 Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs
20.224	Federal Lands Access Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
59.075	Shuttered Venue Operators Grant Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The County did not qualify as a low-risk auditee under the Uniform Guidance.

## SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2023-001.

# SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

## Kittitas County January 1, 2023 through December 31, 2023

### **2023-001 The County did not have adequate internal controls for ensuring compliance with federal reporting requirements.**

<b>Assistance Listing Number and Title:</b>	20.106 - Airport Improvement Program
<b>Federal Grantor Name:</b>	Federal Aviation Administration, U.S. Department of Transportation
<b>Federal Award/Contract Number:</b>	3-53-0026-021-2023 3-53-0026-022-2023 3-53-0026-019-2023 3-53-0026-020-2023 3-53-0029-015-2020
<b>Pass-through Entity Name:</b>	N/A
<b>Pass-through Award/Contract Number:</b>	N/A
<b>Known Questioned Cost Amount:</b>	\$0
<b>Prior Year Audit Finding:</b>	N/A

### *Description of Condition*

The objective of the Airport Improvement Program is to help sponsors, owners or operators of public-use airports develop a nationwide system of airports adequate to meet the needs of civil aeronautics. Kittitas County, as the award recipient, is the sponsor of Bowers Field Airport, and spent \$1,227,997 in federal program funds in 2023.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

To comply with reporting requirements, the County must submit the Federal Financial Report (SF-425) and the Outlay Report and Request for Reimbursement for Construction Programs (SF-271) or the Request for Advance or Reimbursement(SF-270) annually.

Our audit found the County did not have adequate controls to ensure it submitted complete and accurate annual SF-425 and SF-271 or SF-270 reports in accordance with the award agreement terms.

We consider this internal control deficiency to be a material weakness that led to material noncompliance.

### ***Cause of Condition***

The public works department was put in charge of managing the County's airport in September 2023. County staff evaluated Federal Aviation Administration (FAA) guidance to determine the applicability of these reports and how to prepare them.

During this evaluation, staff incorrectly determined they should only submit the SF-425 and SF-271 or SF-270 reports once a project had been completed.

### ***Effect of Condition***

The County did not prepare or submit the annual SF-425 or SF-271 reports required for projects in progress during the period. The County was required to prepare and submit five SF-425 and SF-271 reports each, 10 in total, but only submitted one of each for contract 3-53-0029-015-2020. The County did not report the remaining contracts to the FAA.

### ***Recommendation***

We recommend the County establish internal controls to ensure it prepares and submits all required reports for its federal programs.

### ***County's Response***

*The County is in agreement with SAO's finding pertaining to delinquent filings for its FAA grants. Though the underlying project was completed in good order, the award contract stipulated more frequent reporting than the County provided. Kittitas County has since implemented one of two controls enhancements to ensure better visibility of its entire grants-award portfolio, which is the inclusion of anticipated grants activity in its department-level budget workbooks for the*

*coming year. This procedural revision will be a catalyst for ongoing engagement with the Finance Department to help ensure compliance with the various awarding agencies.*

*The second of two enhancements will be implemented with the upgrade of the County's ERP scheduled for March 2025. This upgrade will include an improved grants-accounting module, which will further improve visibility and GASB compliance.*

### ***Auditor's Remarks***

We appreciate the County's commitment to resolving this finding and thank the County for its cooperation and assistance during the audit. We will review the corrective action taken during our next audit.

### ***Applicable Laws and Regulations***

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 200, Uniform Guidance, section 329, describes requirements for monitoring and reporting program performance including construction and non-construction reporting.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Kittitas County January 1, 2023 through December 31, 2023

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> 2022	<b>Report Reference No.:</b> 1033460	<b>Finding Ref. No.:</b> 2022-001	<b>ALN(s):</b> 21.027
<b>Federal Program Name and Granting Agency:</b> COVID-19 – Coronavirus State and Local Fiscal Recovery Funds and U.S. Department of the Treasury		<b>Pass-Through Agency Name:</b> Washington State Department of Commerce	
<b>Finding Caption:</b> The County’s internal controls were inadequate for ensuring compliance with federal requirements for suspension and debarment.			
<b>Background:</b> In 2022, the County spent \$1,267,984 in program funds for the provision of government services, mitigating the effects of COVID-19 on public health, and supporting the tourism industry.  The audit found the County’s internal controls were inadequate for ensuring staff verified the suspension and debarment status of contractors for purchases exceeding \$25,000, paid all or in part with federal funds. Specifically, the County did not retain documentation to demonstrate that staff verified, prior to entering into the covered transactions, that three contractors paid a total of \$365,722 in 2022 were not suspended or debarred from participating in federal programs.			
<b>Status of Corrective Action:</b> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> <i>County has taken two corrective action steps related to this finding. 1) revision of award-contract boilerplate language to include attestation of suspension/debarment status, and 2) separate documented and archived search of SAM.gov for same.</i>			

## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### **Kittitas County** **January 1, 2023 through December 31, 2023**

Board of Commissioners  
Kittitas County  
Ellensburg, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Kittitas County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 16, 2024.

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

September 16, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

### **Kittitas County January 1, 2023 through December 31, 2023**

Board of Commissioners  
Kittitas County  
Ellensburg, Washington

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

### **Opinion on Each Major Federal Program**

We have audited the compliance of Kittitas County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2023. The County's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

## County's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2023-001 that we consider to be a material weakness.

### **County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

September 16, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Kittitas County** **January 1, 2023 through December 31, 2023**

Board of Commissioners  
Kittitas County  
Ellensburg, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Kittitas County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Kittitas County, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Matters of Emphasis**

As discussed in Note 16 to the financial statements, in 2023, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* and Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County’s ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

September 16, 2024

**Kittitas County**  
**January 1, 2023 through December 31, 2023**

**REQUIRED SUPPLEMENTARY INFORMATION**

Management’s Discussion and Analysis – 2023

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2023

Statement of Activities – 2023

Governmental Funds Balance Sheet – 2023

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position –  
2023

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental  
Funds – 2023

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and  
Changes in Fund Balance to the Statement of Activities – 2023

General and Major Special Revenue Fund Budgetary Comparisons – 2023

Statement of Net Position – Proprietary Funds – 2023

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds  
– 2023

Statement of Cash Flows – Proprietary Funds – 2023

Statement of Fiduciary Net Position – Fiduciary Funds – 2023

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2023

Notes to Financial Statements – 2023

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
– General Fund – 2023

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
– County Road Fund – 2023

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
– County Road Fund – 2023

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
– Airport Fund – 2023

Information about Infrastructure Assets Reported Using the Modified Approach – 2023

Schedule of Changes in Total OPEB Liability and Related Ratios – LEOFF 1 – 2023  
Schedule of Proportionate Share of the Net Pension Liability/Asset – PERS 1, PERS 2/3,  
PSERS 2, LEOFF 1, LEOFF 2 – 2023  
Schedule of Employer Contributions – PERS 1, PERS 2/3, PSERS 2, LEOFF1, LEOFF 2  
– 2023

## **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2023  
Notes to the Schedule of Expenditures of Federal Awards – 2023

# KITTITAS COUNTY, WASHINGTON

## Management's Discussion and Analysis

Kittitas County's discussion and analysis offers readers of the County's financial statements, for the year ended December 31, 2023, a narrative overview and analysis for the financial activities of the County. We encourage readers to consider the information presented here in conjunction with additional information included in the financial statements and notes to the financial statements.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows on December 31, 2023, by \$234.4 million (net position). The unrestricted net position, which represents the amounts available to meet the County's ongoing obligations to citizens and creditors, was \$45.4 million.
- The County's total net position increased by \$32.0 million. \$14.9 million is related to capital grants and contributions. An additional \$3.0 million is related to a decrease in pension liabilities and deferred inflows, net of increases in related deferred outflows and asset balances. The remaining increase is due to operating revenues exceeding operating expenditures/expenses, most notably in the General Fund (\$4.2 million), the County Road Fund (\$2.5 million) and the Solid Waste Fund (\$1.4 million).
- At the end of the year, the County's governmental funds reported combined fund balances of \$84.8 million, which represents an increase of \$11.7 million (16.0%) compared to the prior year. \$26.7 million, or 31.5%, of the combined fund balance is available for spending at the County's discretion (unassigned fund balance).
- At the end of 2023, unassigned fund balance for the General Fund was \$26.7 million or 68.9% of total General Fund expenditures plus transfers.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to Kittitas County's basic financial statements. The basic financial statements are comprised of three components:

- 1) Government-Wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Financial Statements

This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector business.

The statement of net position presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee leave benefits).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, law enforcement, jail and probation services, public health, road maintenance, airport and superior and district courts. The business-type activities include solid waste, community development services and water mitigation.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governments near-term financing decisions. Both the governmental fund balance sheet and the governmental fund

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 39 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, County Road Fund, Airport Fund, and SLFRF Fund, which are major funds. Data from the other 35 governmental funds are combined into a single aggregated presentation.

The County adopts an annual appropriated budget for its General Fund and for the major County Road, Airport, and SLFRF funds. Budgetary comparison statements have been provided to demonstrate major funds' compliance with the budget.

### **Proprietary Funds**

The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Solid Waste, Community Development Services, and Water Mitigation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for management of equipment rental and replacement, unemployment compensation and computer replacement. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the three enterprise funds, all of which are major funds. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains three different types of fiduciary funds. The Private-purpose trust fund is used to report resources held in trust. The Custodial fund reports resources, not in a trust, that are held by the County for other parties outside of the County's reporting entity. A separate custodial fund, the external investment pool fund, accounts for the deposits, withdrawals, and earnings of the local government investment fund, and is separately reported as an external investment pool for local governments.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the County's progress in funding its obligations to provide pension and OPEB benefits to its employees, information related to valuation of infrastructure assets using the modified approach, and budget to actual comparison schedules for major governmental funds.

## GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$234.4 million at the end of 2023.

	Summary of Net Position at December 31,					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current	\$ 103,973,233	\$ 91,301,165	\$ 7,434,334	\$ 6,875,862	\$ 111,407,567	\$ 98,177,027
Capital assets	123,050,083	108,946,580	16,807,859	15,325,520	139,857,942	124,272,100
Other	8,671,483	9,305,113	2,267,145	2,259,552	10,938,628	11,564,665
<b>Total assets</b>	<b>235,694,799</b>	<b>209,552,858</b>	<b>26,509,338</b>	<b>24,460,934</b>	<b>262,204,137</b>	<b>234,013,792</b>
<b>Deferred outflows of resources</b>						
	6,245,508	6,578,847	433,649	530,333	6,679,157	7,109,180
<b>Liabilities:</b>						
Current	14,222,987	14,742,770	694,261	1,017,229	14,917,248	15,759,999
Non-current	12,139,552	12,648,270	1,856,833	1,879,968	13,996,385	14,528,238
<b>Total liabilities</b>	<b>26,362,539</b>	<b>27,391,040</b>	<b>2,551,094</b>	<b>2,897,197</b>	<b>28,913,633</b>	<b>30,288,237</b>
<b>Deferred inflows of resources</b>						
	5,081,707	7,643,858	532,947	811,456	5,614,654	8,455,314
<b>Net position:</b>						
Net investment in capital assets	116,325,676	102,892,450	16,641,617	15,125,731	132,967,293	118,018,181
Restricted	55,295,738	52,208,218	654,754	532,080	55,950,492	52,740,298
Unrestricted	38,874,647	25,996,139	6,562,575	5,624,803	45,437,222	31,620,942
<b>Net position</b>	<b>\$ 210,496,061</b>	<b>\$ 181,096,807</b>	<b>\$ 23,858,946</b>	<b>\$ 21,282,614</b>	<b>\$ 234,355,007</b>	<b>\$ 202,379,421</b>

Capital assets increased \$15.6 million, or 12.5% due to significant spending on construction in progress, and due to completed road infrastructure projects. Current assets increased \$13.2 million or 13.5% due to a positive change in net fund balance and net position in various funds. Deferred inflows of resources decreased by \$2.8 million, related to a significant decrease in pension related deferred inflows.

The largest portion of the County’s net position, \$133.0 million (56.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County’s net position, \$56.0 million (23.9%) represents resources that are subject to external restrictions on how they may be used. As of the end of 2023, the County’s unrestricted net position was \$45.4 million (19.4%).

The County’s overall net position increased by \$32.0 million from 2022 to 2023. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

	Summary of Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program:						
Charges for services	\$ 8,805,261	\$ 8,929,782	\$ 10,871,483	\$ 9,710,862	\$ 19,676,744	\$ 18,640,644
Operating grants and contributions	12,946,984	11,429,576	380,492	346,472	13,327,476	11,776,048
Capital grants and contributions	14,907,333	4,300,236	-	-	14,907,333	4,300,236
General:						
Property taxes	19,602,037	18,379,050	-	-	19,602,037	18,379,050
Sales taxes	23,431,223	22,518,374	-	-	23,431,223	22,518,374
Other taxes	4,965,085	3,454,732	-	-	4,965,085	3,454,732
Investment earnings	5,942,196	(2,668,573)	587,972	(488,279)	6,530,168	(3,156,852)
Other revenues	1,446,844	1,468,481	93,144	360,313	1,539,988	1,828,794
<b>Total revenues</b>	<b>92,046,963</b>	<b>67,811,658</b>	<b>11,933,091</b>	<b>9,929,368</b>	<b>103,980,054</b>	<b>77,741,026</b>
Program Expenses:						
General government	14,567,097	12,015,998	-	-	14,567,097	12,015,998
Economic environment	3,775,039	2,459,540	-	-	3,775,039	2,459,540
Judicial	4,152,068	2,856,198	-	-	4,152,068	2,856,198
Physical environment	229,076	612,576	-	-	229,076	612,576
Culture and recreation	3,192,505	2,680,630	-	-	3,192,505	2,680,630
Public safety	17,312,691	16,301,605	-	-	17,312,691	16,301,605
Health and human services	5,577,561	5,938,911	-	-	5,577,561	5,938,911
Transportation	13,690,660	13,803,318	-	-	13,690,660	13,803,318
Interest	151,012	140,318	-	-	151,012	140,318
Garbage and solid waste	-	-	7,087,722	6,063,941	7,087,722	6,063,941
Community development services	-	-	2,024,262	2,193,075	2,024,262	2,193,075
Water mitigation	-	-	244,775	275,198	244,775	275,198
<b>Total expenses</b>	<b>62,647,709</b>	<b>56,809,095</b>	<b>9,356,759</b>	<b>8,532,214</b>	<b>72,004,468</b>	<b>65,341,309</b>
Revenues over (under) expenses	29,399,254	11,002,563	2,576,332	1,397,154	31,975,586	12,399,717
Beginning net position	181,096,807	170,679,557	21,282,614	19,885,460	202,379,421	190,565,017
Prior period adjustments	-	(585,313)	-	-	-	(585,313)
Beginning net position - restated	181,096,807	170,094,244	21,282,614	19,885,460	202,379,421	189,979,704
Ending net position	<b>\$ 210,496,061</b>	<b>\$ 181,096,807</b>	<b>\$ 23,858,946</b>	<b>\$ 21,282,614</b>	<b>\$ 234,355,007</b>	<b>\$ 202,379,421</b>

## Governmental activities

During 2023, net position for governmental activities increased by \$29.4 million. The increase was due partially to \$14.9 million of capital grants received for transportation and flood control

projects. Another significant portion of the increase in net position can be explained by a decrease of \$3.0 million in pension related liabilities and deferred inflows, offset by an increase in pension related assets and deferred outflows (reduction to pension expense and increase in net position in 2023).

Revenues increased by \$24.2 million, mainly due to a significant increase in interest revenue (\$8.6 million), capital grants and contributions (\$10.6 million), and taxes (\$3.6 million).

Sales taxes are the County's largest governmental revenue source, representing \$23.4 million or 25.5% of governmental revenues, followed by property taxes (\$19.6 million or 21.3%).

Program expenses increased by \$5.8 million from 2022 to 2023. The largest increases were in General Government (\$2.6 million) and Economic (\$1.3 million).

### **Business-type activities**

During 2023, net position for business-type activities increased by \$2.6 million or 12.1% from 2022. This increase is primarily due to positive operating income in the Solid Waste and Water Mitigation Funds.

## **FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County's Board.

At December 31, 2023, the County's governmental funds reported combined fund balances of \$84.8 million, which represents an increase of \$11.7 million (16.0%) over December 31, 2022. Of this amount, \$26.7 million (31.5%) constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form, \$1.6 million; (2) restricted for particular purposes, \$45.5 million; (3) committed for particular purposes, \$200 thousand; or (4) assigned for particular purposes, \$10.7 million.

### **Analysis of Individual Funds**

The General Fund is the chief operating fund of the County. At the end of 2023, unassigned fund balance of the General Fund was \$26.7 million, or 68.9% of expenditures plus transfers out. Total fund balance increased by \$4.2 million or 12.9%. This reflects a slightly increase over the \$3.1 million (10.1%) increase reported in 2022. The larger increase in 2023 reflects transfers in of \$2.4 million to fund capital projects.

The County Road fund had an increase in fund balance of \$2.5 million in 2023, compared to a decrease of \$656 thousand in 2022. This reflects significant increases in investment earnings (\$1.0 million), intergovernmental revenue (\$827 thousand) and property taxes (\$559 thousand) while expenditures only increased slightly (\$195 thousand).

The Airport Fund received intergovernmental revenue of \$1.2 million in 2023, compared to \$118 thousand in 2022. This significant increase is due to capital grant funds, and is offset by an increase of \$1.3 million in capital outlay from 2022 to 2023.

The SLFRF Fund accounts for American Rescue Plan Act funding and Coronavirus State and Local Fiscal Recovery Funds and related expenses. Of approximately \$9.3 million received to date, \$8.5 million is unspent and reported as unearned revenue.

## **FINANCIAL ANALYSIS OF PROPRIETARY FUNDS**

The County's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

Unrestricted net position at the end of 2023 was \$2.7 million (20.0%) in the Solid Waste Fund, \$2.5 million (86.2%) in the Community Development Services Fund, and \$1.4 million (18.3%) in the Water Mitigation Fund.

The Solid Waste and Water Mitigation Funds reported positive operating income in 2023, while Community Development Services reported a small operating loss of \$79 thousand.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

### **Original budget compared to final budget**

County Commissioners allow for regular, periodic amendments to the adopted budget so as to accommodate unforeseen resourcing impacts with minimal disruption to operations. These amendments are discussed and informally authorized in advance of formal amendments, which are done via resolution and public hearing. The General Fund budget was amended twice in 2023. The largest expense amendments reflected funding for grant-funded airport projects (\$2.8MM) and continued appropriations of SLFRF funds (\$2.1MM). The largest revenue amendment represents the airport grant awards, less county match (\$2.5MM).

### **Final budget compared to actual results**

The final budget reflected a decrease in fund balance of \$8.7 million, however the actual increase was \$4.2 million, for a positive variance of \$13.0 million. Actual revenues exceeded budgeted revenues by \$6.9 million. The most significant positive variance was in sales tax (\$3.7 million).

Actual expenditures totaled \$31.1 million, compared to a final budget of \$44.0 million, for a favorable variance of \$5.9 million. The most notable positive variances were in general government (\$5.4 million) and public safety (\$2.4 million).

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$139.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, infrastructure, and construction in progress. Capital assets increased by \$15.6 million (12.5%) in 2023, reflecting donated infrastructure (roads), increases in construction in progress, and regular depreciation expense adjustments.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	8,414,654	8,414,654	3,109,128	3,109,128	11,523,782	11,523,782
Gravel roads	5,473,505	5,473,458	-	-	5,473,505	5,473,458
Easements & right of ways	6,940,075	6,768,608	-	-	6,940,075	6,768,608
Intangible assets	1,688,238	1,681,193	7,170,089	6,742,462	8,858,327	8,423,655
Construction in progress	11,601,692	8,185,668	5,593,982	4,314,764	17,195,674	12,500,432
Buildings & improvements	23,079,588	22,740,775	294,805	324,778	23,374,393	23,065,553
Improvements other than buildings	1,574,821	1,403,895	357,256	458,440	1,932,077	1,862,335
Machinery and equipment	6,071,142	5,786,240	122,505	179,872	6,193,647	5,966,112
Right-to-use leased assets	1,591,618	75,591	160,094	196,076	1,751,712	271,667
Infrastructure	56,614,750	48,416,498	-	-	56,614,750	48,416,498
Total	123,050,083	108,946,580	16,807,859	15,325,520	139,857,942	124,272,100

Major completed construction projects include completion of the Bloom Pavilion at the County Event Center and Fairgrounds (\$1.9MM), the Upper District Court parking lot (\$113K), in addition to ongoing improvements to the County's roads and bridges inventory.

### Long-Term Debt

At the end of 2023, the County had total bonded debt outstanding of \$5.3 million, of which the entire amount is backed by the full faith and credit of the County. The remaining debt is comprised of leases and SBITA payable.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds payable	5,309,000	5,978,000	-	-	5,309,000	5,978,000
Leases & SBITA payable	1,365,196	76,130	166,242	199,789	1,531,438	275,919
Total	6,674,196	6,054,130	166,242	199,789	6,840,438	6,253,919

The decrease in long term debt represents regularly scheduled principal payments.

The County has an assigned rating of "AA/Stable" from Standard & Poor's after a review and report issued on November 29, 2013.

## ECONOMIC FACTORS

Kittitas County's robust economic activity of 2021 and 2022 has slowed in 2023. Growth in assessed values reflect continued addition of both new and improved property to the tax roll, but sales tax growth has slowed considerably, and license and permit fees, typically leading indicators of economic activity, have fallen by nearly 20%.

Other unfavorable variables that have developed in recent years continue to impact the organization in 2023, and will be the subject of ongoing focus among elected officials and management as they develop and refine their countywide financial and strategic plans. These variables include:

- Continued reliance on deficit-budgeting;
- Salary/wage inflation, as reflected in local market data and recruitment efforts;
- Continued high inflation rates and supply-chain complications across all other non-personnel cost categories;
- A large and growing deferred maintenance liability

Despite these trends and indicators, the organization remains solvent as of the end of 2023 as measured by fund balances. Though fund balances have experienced modest growth across all categories, management anticipates that balances will return to 2021 levels gradually over the next two to three years, as one-time funding sources (e.g. SLFRF) are fully expended and planned capital projects are completed.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of Kittitas County's finances for all those interested in the County's finances. Any questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Kittitas County Auditor's Office, Finance Department or visit our website at <http://www.co.kittitas.wa.us/auditor/default.aspx>

**Kittitas County, Washington**  
**Statement of Net Position**  
**December 31, 2023**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 12,934,383	\$ 13,104	\$ 12,947,487
Investments	78,285,462	6,089,121	84,374,583
Receivables (net)	2,900,935	521,649	3,422,584
Due from other governments	7,463,615	751,655	8,215,270
Internal balances	24,921	(24,921)	-
Inventory	386,781	61,423	448,204
Prepaid items	1,852,772	10,026	1,862,798
Lease receivables	124,364	12,277	136,641
<b>Total Current Assets</b>	<b>103,973,233</b>	<b>7,434,334</b>	<b>111,407,567</b>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents	93,425	193,386	286,811
Restricted investments	-	1,320,162	1,320,162
Lease receivables	1,238,782	260,477	1,499,259
Net pension asset	7,339,276	493,120	7,832,396
Capital assets:			
Non-depreciable	34,118,164	15,873,198	49,991,362
Depreciable (net)	88,931,919	934,661	89,866,580
<b>Total Noncurrent Assets</b>	<b>131,721,566</b>	<b>19,075,004</b>	<b>150,796,570</b>
<b>Total Assets</b>	<b>235,694,799</b>	<b>26,509,338</b>	<b>262,204,137</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - OPEB	53,534	-	53,534
Deferred outflows - pensions	6,191,974	433,649	6,625,623
<b>Total Deferred Outflows of Resources</b>	<b>6,245,508</b>	<b>433,649</b>	<b>6,679,157</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	4,532,988	585,523	5,118,511
Due to other governments	61,472	133	61,605
Unearned revenue	8,474,082	-	8,474,082
Deposits payable	65,354	-	65,354
Compensated absences payable	148,990	13,728	162,718
Leases payable	106,820	34,877	141,697
SBITA payable	50,212	-	50,212
Landfill closure obligations	-	60,000	60,000
Total OPEB liability	107,069	-	107,069
Bonds payable	676,000	-	676,000
<b>Total Current Liabilities</b>	<b>14,222,987</b>	<b>694,261</b>	<b>14,917,248</b>
<b>Long-Term Liabilities (net of current portion):</b>			
Compensated absences payable	1,980,812	153,668	2,134,480
Leases payable	1,258,375	131,365	1,389,740
Landfill closure obligations	-	1,323,698	1,323,698
Total OPEB liability	1,906,624	-	1,906,624
Net pension liability	2,360,741	248,102	2,608,843
General obligation bonds payable	4,633,000	-	4,633,000
<b>Total Long-term Liabilities</b>	<b>12,139,552</b>	<b>1,856,833</b>	<b>13,996,385</b>
<b>Total Liabilities</b>	<b>26,362,539</b>	<b>2,551,094</b>	<b>28,913,633</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - leases	1,331,488	263,667	1,595,155
Deferred inflows - pensions	3,750,219	269,280	4,019,499
<b>Total Deferred Inflows of Resources</b>	<b>5,081,707</b>	<b>532,947</b>	<b>5,614,654</b>
<b>Net Position</b>			
Net investment in capital assets	116,325,676	16,641,617	132,967,293
Restricted for:			
Debt service	201,195	-	201,195
Capital outlay	5,681,301	-	5,681,301
County roads	9,264,898	-	9,264,898
Flood control	3,971,545	-	3,971,545
Public safety	11,963,415	-	11,963,415
Tourism	7,851,711	-	7,851,711
Public facilities	3,391,849	-	3,391,849
Other purposes	3,214,809	-	3,214,809
Pension asset	9,755,015	654,754	10,409,769
Unrestricted	38,874,647	6,562,575	45,437,222
<b>Total Net Position</b>	<b>\$ 210,496,061</b>	<b>\$ 23,858,946</b>	<b>\$ 234,355,007</b>

See accompanying notes to the basic financial statements

**Kiritas County, Washington**  
**Statement of Activities**  
**For the Year Ended December 31, 2023**

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General government	\$ 14,567,097	\$ 1,312,609	\$ 3,256,404	\$ -	\$ (9,998,084)	\$ -	\$ (9,998,084)
Economic environment	3,775,039	113,587	326,256	234,583	(3,100,613)	-	(3,100,613)
Judicial	4,152,068	1,229,406	188,306	-	(2,734,356)	-	(2,734,356)
Physical environment	229,076	281,424	1,863	-	54,211	-	54,211
Culture and recreation	3,192,505	880,897	693,834	-	(1,617,774)	-	(1,617,774)
Public safety	17,312,691	2,207,777	2,813,516	-	(12,291,399)	-	(12,291,399)
Health and human services	5,577,561	1,129,241	3,427,311	-	(1,021,009)	-	(1,021,009)
Transportation	13,690,660	1,650,320	2,239,495	14,672,750	4,871,904	-	4,871,904
Interest	151,012	-	-	-	(151,012)	-	(151,012)
<b>Total Governmental Activities</b>	<b>62,647,709</b>	<b>8,805,261</b>	<b>12,946,984</b>	<b>14,907,333</b>	<b>(25,988,131)</b>	<b>-</b>	<b>(25,988,131)</b>
<b>Business-Type Activities:</b>							
Garbage and solid waste	7,087,722	7,827,836	276,580	-	-	1,016,694	1,016,694
Community development services	2,024,262	1,945,532	103,912	-	-	25,182	25,182
Water mitigation	244,775	1,098,115	-	-	-	853,340	853,340
<b>Total Business-Type Activities</b>	<b>9,356,759</b>	<b>10,871,483</b>	<b>380,492</b>	<b>-</b>	<b>-</b>	<b>1,895,216</b>	<b>1,895,216</b>
<b>Total - Primary Government</b>	<b>72,004,468</b>	<b>19,676,744</b>	<b>13,327,476</b>	<b>14,907,333</b>	<b>(25,988,131)</b>	<b>1,895,216</b>	<b>(24,092,915)</b>
<b>General Revenues</b>							
Property taxes					19,602,037	-	19,602,037
Sales taxes					23,431,223	-	23,431,223
Bureau of Land Management PILT					1,291,922	-	1,291,922
Real estate transfer taxes					2,880,725	-	2,880,725
Other taxes					792,438	-	792,438
Investment earnings (losses)					5,942,196	587,972	6,530,168
Gain on disposition of capital assets					-	4,458	4,458
Miscellaneous					1,446,844	88,686	1,535,530
<b>Transfers</b>					<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>55,387,385</b>	<b>681,116</b>	<b>56,068,501</b>
<b>Change in Net Position</b>					<b>29,399,254</b>	<b>2,576,332</b>	<b>31,975,586</b>
<b>Net Position Beginning of Year</b>					<b>181,096,807</b>	<b>21,282,614</b>	<b>202,379,421</b>
<b>Net Position End of Year</b>					<b>\$ 210,496,061</b>	<b>\$ 23,858,946</b>	<b>\$ 234,355,007</b>

See accompanying notes to the basic financial statements

**Kittitas County, Washington**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2023**

	General	County Road	Airport	SLFRF	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 5,234,767	\$ 374,071	\$ 82,442	\$ 848,923	\$ 6,429,605	\$ 12,969,808
Investments	28,029,067	7,731,213	342,293	7,650,046	31,503,788	75,256,407
Receivables (net)	1,786,577	282,102	6,340	20,114	798,030	2,893,163
Due from other governments	2,957,271	1,852,598	283,652	-	2,370,094	7,463,615
Due from other funds	110,351	758,985	-	-	17,901	887,237
Prepaid items	1,440,482	7,404	4,813	157,435	19,793	1,629,927
Lease receivables	-	-	1,363,146	-	-	1,363,146
<b>Total Assets</b>	<b>\$ 39,558,515</b>	<b>\$ 11,006,373</b>	<b>\$ 2,082,686</b>	<b>\$ 8,676,518</b>	<b>\$ 41,139,211</b>	<b>\$ 102,463,303</b>
<b>Liabilities</b>						
Accounts payable	1,234,552	1,129,784	458,730	63,512	1,517,110	4,403,688
Due to other governments	3,817	96	2,151	-	54,707	60,771
Due to other funds	-	428,342	5,538	22,451	780,678	1,237,009
Unearned revenue	615	-	2,464	8,466,703	-	8,469,782
Deposits payable	19,063	7,896	20,810	-	17,585	65,354
<b>Total Liabilities</b>	<b>1,258,047</b>	<b>1,566,118</b>	<b>489,693</b>	<b>8,552,666</b>	<b>2,370,080</b>	<b>14,236,604</b>
<b>Deferred Inflows of Resources</b>						
Deferred inflows - property tax	107,844	167,953	-	-	49,540	325,337
Deferred inflows - municipal court	1,148,872	-	-	-	-	1,148,872
Deferred inflows - leases	-	-	1,331,488	-	-	1,331,488
Deferred inflows - other	23,266	-	-	-	625,940	649,206
<b>Total Deferred Inflows of Resources</b>	<b>1,279,982</b>	<b>167,953</b>	<b>1,331,488</b>	<b>-</b>	<b>675,480</b>	<b>3,454,903</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>2,538,029</b>	<b>1,734,071</b>	<b>1,821,181</b>	<b>8,552,666</b>	<b>3,045,560</b>	<b>17,691,507</b>
<b>Fund Balances</b>						
Nonspendable	1,440,482	7,404	4,813	157,435	19,793	1,629,927
Restricted	7,307,903	9,264,898	-	-	28,967,922	45,540,723
Committed	-	-	-	-	199,696	199,696
Assigned	1,552,091	-	256,692	-	8,906,240	10,715,023
Unassigned	26,720,010	-	-	(33,583)	-	26,686,427
<b>Total Fund Balances</b>	<b>37,020,486</b>	<b>9,272,302</b>	<b>261,505</b>	<b>123,852</b>	<b>38,093,651</b>	<b>84,771,796</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 39,558,515</b>	<b>\$ 11,006,373</b>	<b>\$ 2,082,686</b>	<b>\$ 8,676,518</b>	<b>\$ 41,139,211</b>	<b>\$ 102,463,303</b>

See accompanying notes to the basic financial statements

**Kittitas County, Washington**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**December 31, 2023**

<b>Total Governmental Fund Balances</b>	\$	84,771,796
 <b>Amounts reported for governmental activities in the statement of net position are different because:</b>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds (exclusive of internal service funds' capital assets).		111,726,557
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds - property taxes, grants and fines.		2,123,415
Deferred inflows and outflows for pensions reported on the government-wide statement of position but not reported on the governmental fund balance sheet.		2,441,755
Deferred outflows for OPEB reported on the government-wide statement of net position but not reported on the government balance sheet.		53,534
The net pension assets are not available to retire current year expenditures, therefore they are not reported in the funds but are reported in the government-wide statement of net position.		7,339,276
The internal service fund is used by management to charge the costs of the equipment rental to individual funds. The assets and liabilities of the internal service funds are included in governmental activities column on the government-wide statement of net position.		15,268,371
Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position (excludes internal service funds).		
General obligation refunding bonds payable	\$	(5,309,000)
Other postemployment benefits payable		(2,013,693)
Net pension liability payable		(2,360,741)
Leases & SBITA payable		(1,415,407)
Compensated absences payable		(2,129,802)
		(13,228,643)
<b>Net Position Of Governmental Activities</b>	<b>\$</b>	<b>210,496,061</b>

See accompanying notes to the basic financial statements

**Kittitas County, Washington**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2023**

	General	County Road	Airport	SLFRF	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 9,821,334	\$ 8,438,567	\$ -	\$ -	\$ 1,303,415	\$ 19,563,316
Sales taxes	13,531,044	-	-	-	9,900,179	23,431,223
Other taxes	780,710	11,118	-	-	2,881,335	3,673,163
Licenses and permits	224,501	274,718	-	-	525,241	1,024,460
Intergovernmental	6,063,670	7,032,625	1,242,666	1,759,506	4,333,473	20,431,940
Charges for services	3,494,141	1,202,167	70	-	1,074,906	5,771,284
Fines and forfeitures	1,022,775	-	-	-	6,372	1,029,147
Investment earnings	2,721,635	539,449	50,607	695,142	1,773,350	5,780,183
Rent and leases	880,957	-	173,365	-	6,390	1,060,712
Miscellaneous	783,189	39,898	12,976	-	708,370	1,544,433
<b>Total Revenues</b>	<b>39,323,956</b>	<b>17,538,542</b>	<b>1,479,684</b>	<b>2,454,648</b>	<b>22,513,031</b>	<b>83,309,861</b>
<b>Expenditures</b>						
<b>Current:</b>						
General government	11,483,274	905,187	-	1,398,711	646,033	14,433,205
Economic environment	70,074	-	-	-	3,734,878	3,804,952
Judicial	3,204,830	-	-	-	1,137,510	4,342,340
Physical environment	97,916	-	-	169,672	-	267,588
Culture and recreation	2,712,244	-	-	-	37,727	2,749,971
Public safety	14,937,118	-	-	3,095	2,848,093	17,788,306
Health and human services	955,004	-	-	40,497	4,752,547	5,748,048
Transportation	-	10,890,547	545,052	-	-	11,435,599
<b>Debt Service:</b>						
Principal retirement	46,355	-	-	49,407	706,088	801,850
Interest and fiscal charges	886	-	-	1,624	148,502	151,012
<b>Capital Outlay</b>	<b>4,621,802</b>	<b>4,780,964</b>	<b>1,431,688</b>	<b>47,783</b>	<b>455,728</b>	<b>11,337,965</b>
<b>Total Expenditures</b>	<b>38,129,503</b>	<b>16,576,698</b>	<b>1,976,740</b>	<b>1,710,789</b>	<b>14,467,106</b>	<b>72,860,836</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,194,453</b>	<b>961,844</b>	<b>(497,056)</b>	<b>743,859</b>	<b>8,045,925</b>	<b>10,449,025</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	2,364,985	1,584,228	355,095	-	249,335	4,553,643
Transfers (out)	(674,336)	(56,314)	-	(55,095)	(3,949,212)	(4,734,957)
Leases (as lessee) & SBITA	1,312,509	-	-	-	60,000	1,372,509
Proceeds from disposition of capital assets	36,754	20,169	-	-	3,479	60,402
<b>Total Other Financing Sources (Uses)</b>	<b>3,039,912</b>	<b>1,548,083</b>	<b>355,095</b>	<b>(55,095)</b>	<b>(3,636,398)</b>	<b>1,251,597</b>
<b>Net Change in Fund Balances</b>	<b>4,234,365</b>	<b>2,509,927</b>	<b>(141,961)</b>	<b>688,764</b>	<b>4,409,527</b>	<b>11,700,622</b>
<b>Fund Balances Beginning of Year</b>	<b>32,786,121</b>	<b>6,762,375</b>	<b>403,466</b>	<b>(564,912)</b>	<b>33,684,124</b>	<b>73,071,174</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances End of Year</b>	<b>\$ 37,020,486</b>	<b>\$ 9,272,302</b>	<b>\$ 261,505</b>	<b>\$ 123,852</b>	<b>\$ 38,093,651</b>	<b>\$ 84,771,796</b>

See accompanying notes to the basic financial statements

**Kittitas County, Washington**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2023**

<b>Net Changes In Fund Balances - Total Governmental Funds</b>		\$ 11,700,622
 <b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
	Depreciation expense	\$ (5,544,805)
	Capital outlay	11,491,665
	Capital contributions	<u>8,592,267</u>
		14,539,127
The book value of capital assets sold are reported on the government-wide statement of activities but not reported in the governmental fund's operating statement.		
		(571,217)
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Property taxes, fines and grants:	
	Deferred as of 12/31/23	\$ 2,123,415
	Deferred as of 12/31/22	<u>(2,265,499)</u>
		(142,084)
The internal service fund is used by management to charge the costs of maintenance services to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		
		1,154,388
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.		
		669,000
Other postemployment expenses are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		695,731
Pension expenses are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		2,998,440
Leases & SBITA are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		132,850
Proceeds from leases & SBITA are reported as other financing sources in governmental funds, but the proceeds increase long-term liabilities in the government-wide statement of net position.		
		(1,372,509)
Compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
	Liability as of 12/31/23	\$ (2,129,802)
	Liability as of 12/31/22	<u>1,724,708</u>
		(405,094)
<b>Change In Net Position of Governmental Activities</b>		<u><u>\$ 29,399,254</u></u>

See accompanying notes to the basic financial statements

**Kititas County, Washington**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2023**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Community Development Services			Water Mitigation		Total
	Solid Waste					
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ -	\$ 10,951	\$ 2,153	\$ 13,104	\$ 58,000	
Investments	2,690,192	2,704,452	694,477	6,089,121	3,029,055	
Receivables (net)	512,172	7,287	2,190	521,649	7,772	
Lease receivables	4,715	-	7,561	12,277	-	
Due from other funds	-	-	-	-	392,743	
Inventories	-	-	61,423	61,423	386,781	
Due from other governments	99,716	32,178	619,761	751,655	-	
Prepaid items	4,789	5,237	-	10,026	222,845	
<b>Total Current Assets</b>	<b>3,311,584</b>	<b>2,760,105</b>	<b>1,387,565</b>	<b>7,459,255</b>	<b>4,097,196</b>	
<b>Noncurrent Assets:</b>						
Restricted cash and cash equivalents	193,386	-	-	193,386	-	
Restricted investments	1,320,162	-	-	1,320,162	-	
Lease receivables	208,685	-	51,793	260,477	-	
Net pension asset	210,522	282,598	-	493,120	-	
Capital assets:						
Nondepreciable	9,768,937	6,168	6,098,093	15,873,198	1,666,783	
Depreciable, net	905,637	29,024	-	934,661	9,656,743	
<b>Total Noncurrent Assets</b>	<b>12,607,329</b>	<b>317,790</b>	<b>6,149,886</b>	<b>19,075,004</b>	<b>11,323,526</b>	
<b>TOTAL ASSETS</b>	<b>15,918,913</b>	<b>3,077,895</b>	<b>7,537,451</b>	<b>26,534,259</b>	<b>15,420,722</b>	
<b>Deferred Outflows of Resources</b>						
Deferred outflows - pensions	185,133	248,516	-	433,649	-	
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>185,133</b>	<b>248,516</b>	<b>-</b>	<b>433,649</b>	<b>-</b>	
<b>Liabilities</b>						
<b>Current Liabilities:</b>						
Accounts payable and accrued expenses	540,078	28,954	16,491	585,523	129,300	
Due to other funds	8,524	13,457	2,940	24,921	18,050	
Due to other governments	133	-	-	133	701	
Unearned revenue	-	-	-	-	4,300	
Compensated absences	4,283	9,445	-	13,728	-	
Leases payable	32,466	2,411	-	34,877	-	
Landfill closure obligations	60,000	-	-	60,000	-	
<b>Total Current Liabilities</b>	<b>645,484</b>	<b>54,267</b>	<b>19,431</b>	<b>719,182</b>	<b>152,351</b>	
<b>Long-Term Liabilities: (net of current portion)</b>						
Compensated absences payable	87,366	66,302	-	153,668	-	
Leases payable	124,436	6,929	-	131,365	-	
Landfill closure obligations	1,323,698	-	-	1,323,698	-	
Net pension liability	105,920	142,182	-	248,102	-	
<b>Total Long-term Liabilities</b>	<b>1,641,420</b>	<b>215,413</b>	<b>-</b>	<b>1,856,833</b>	<b>-</b>	
<b>TOTAL LIABILITIES</b>	<b>2,286,904</b>	<b>269,680</b>	<b>19,431</b>	<b>2,576,015</b>	<b>152,351</b>	
<b>Deferred Inflows of Resources</b>						
Deferred inflows of resources - leases	205,801	-	57,866	263,667	-	
Deferred inflows - pensions	114,960	154,320	-	269,280	-	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>320,761</b>	<b>154,320</b>	<b>57,866</b>	<b>532,947</b>	<b>-</b>	
<b>Net Position</b>						
Net investment in capital assets	10,517,672	25,852	6,098,093	16,641,617	11,323,526	
Restricted for pension assets	279,527	375,227	-	654,754	-	
Unrestricted	2,699,182	2,501,332	1,362,061	6,562,575	3,944,845	
<b>TOTAL NET POSITION</b>	<b>\$ 13,496,381</b>	<b>\$ 2,902,411</b>	<b>\$ 7,460,154</b>	<b>\$ 23,858,946</b>	<b>\$ 15,268,371</b>	

See accompanying notes to the basic financial statements

**Kittitas County, Washington**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2023**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
	Solid Waste	Community Development Services	Water Mitigation		Total
<b>Operating Revenues</b>					
Garbage and solid waste	\$ 7,827,836	\$ -	\$ -	\$ 7,827,836	\$ -
Other services	-	1,945,532	1,098,115	3,043,647	3,450,850
<b>Total Operating Revenues</b>	<u>7,827,836</u>	<u>1,945,532</u>	<u>1,098,115</u>	<u>10,871,483</u>	<u>3,450,850</u>
<b>Operating Expenses</b>					
Operations and maintenance	6,880,477	2,000,029	244,775	9,125,281	1,795,322
Insurance and claims	-	-	-	-	25,642
Depreciation	200,272	24,233	-	224,505	976,995
<b>Total Operating Expenses</b>	<u>7,080,749</u>	<u>2,024,262</u>	<u>244,775</u>	<u>9,349,786</u>	<u>2,797,959</u>
<b>Operating Income</b>	<u>747,087</u>	<u>(78,730)</u>	<u>853,340</u>	<u>1,521,697</u>	<u>652,891</u>
<b>Non-Operating Revenues (Expenses)</b>					
Investment interest	327,240	174,573	86,159	587,972	162,013
Interest expense	(6,973)	-	-	(6,973)	-
Other nonoperating revenue	276,580	103,912	-	380,492	2,874
Gain (loss) on disposition of capital assets	1	4,457	-	4,458	155,296
Miscellaneous revenue	87,773	904	9	88,686	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>684,621</u>	<u>283,846</u>	<u>86,168</u>	<u>1,054,635</u>	<u>320,183</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>1,431,708</u>	<u>205,116</u>	<u>939,508</u>	<u>2,576,332</u>	<u>973,074</u>
<b>Transfers In</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,314</u>
<b>Change in Net Position</b>	<u>1,431,708</u>	<u>205,116</u>	<u>939,508</u>	<u>2,576,332</u>	<u>1,154,388</u>
<b>Net Position Beginning of Year</b>	<u>12,064,673</u>	<u>2,697,295</u>	<u>6,520,646</u>	<u>21,282,614</u>	<u>14,113,983</u>
<b>Net Position End of Year</b>	<u>\$ 13,496,381</u>	<u>\$ 2,902,411</u>	<u>\$ 7,460,154</u>	<u>\$ 23,858,946</u>	<u>\$ 15,268,371</u>

See accompanying notes to the basic financial statements

**Kittitas County, Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2023**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Community Development Services			Water Mitigation		Total
	Solid Waste					
<b>Cash Flows from Operating Activities</b>						
Cash received from customers	\$ 7,737,196	\$ 1,926,194	\$ 500,346	\$ 10,163,736	\$ 3,576,760	
Cash payments to employees for services	(1,106,540)	(1,535,864)	(111,422)	(2,753,826)	(484,925)	
Cash payments for goods and services	(6,008,920)	(754,787)	(215,339)	(6,979,046)	(1,786,633)	
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>621,736</u>	<u>(364,457)</u>	<u>173,585</u>	<u>430,864</u>	<u>1,305,202</u>	
<b>Cash Flows from Non-Capital Financing Activities</b>						
Receipts from non-capital grants	276,580	103,912	-	380,492	-	
Cash received from (paid to) other funds	-	-	(6,817)	(6,817)	181,314	
<b>Net Cash Flows from Non-Capital and Related Financing Activities</b>	<u>276,580</u>	<u>103,912</u>	<u>(6,817)</u>	<u>373,675</u>	<u>181,314</u>	
<b>Cash Flows from Capital and Related Financing Activities</b>						
Cash receipts from the disposal of assets	-	4,457	-	4,457	155,296	
Principal paid on bonds & leases	(31,192)	(2,355)	-	(33,547)	-	
Interest paid on bonds & leases	(6,973)	-	-	(6,973)	-	
Payments for capital acquisitions	(1,279,217)	-	(427,626)	(1,706,843)	(1,012,970)	
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<u>(1,317,382)</u>	<u>2,102</u>	<u>(427,626)</u>	<u>(1,742,906)</u>	<u>(857,674)</u>	
<b>Cash Flows from Investing Activities</b>						
Purchase of investment securities	(182,234)	(529,875)	-	(712,109)	(1,168,646)	
Proceeds from sale and maturities of investment securities	-	-	207,381	207,381	217,253	
Investment earnings	121,961	69,323	31,129	222,413	76,619	
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(60,273)</u>	<u>(460,552)</u>	<u>238,510</u>	<u>(282,315)</u>	<u>(874,774)</u>	
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(479,339)</u>	<u>(718,995)</u>	<u>(22,348)</u>	<u>(1,220,682)</u>	<u>(245,932)</u>	
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>672,725</u>	<u>729,946</u>	<u>24,501</u>	<u>1,427,172</u>	<u>303,932</u>	
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 193,386</u>	<u>\$ 10,951</u>	<u>\$ 2,153</u>	<u>\$ 206,490</u>	<u>\$ 58,000</u>	

(continued)

**Kittitas County, Washington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2023**

(continued)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Solid Waste	Community Development Services	Water Mitigation	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>					
<b>Operating Income (Loss)</b>	\$ 747,087	\$ (78,730)	\$ 853,340	\$ 1,521,697	\$ 652,891
<b>Adjustments:</b>					
Depreciation	200,272	24,233	-	224,505	976,995
Miscellaneous revenue	87,773	904	9	88,686	2,874
<b>(Increase) Decrease in Assets:</b>					
Accounts receivable	(169,996)	(20,242)	(597,122)	(787,360)	122,679
Lease receivables and related inflows	(8,417)	-	(656)	(9,073)	-
Inventories and prepaid items	(3,612)	11,387	(50,320)	(42,545)	(233,089)
<b>Increase (Decrease) in Liabilities:</b>					
Accounts payable	(152,451)	(143,796)	(31,666)	(327,913)	(217,148)
Compensated absences payable	29,985	(11,930)	-	18,055	-
Pension related balances	(108,905)	(146,283)	-	(255,188)	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 621,736</u>	<u>\$ (364,457)</u>	<u>\$ 173,585</u>	<u>\$ 430,864</u>	<u>\$ 1,305,202</u>
<b>Schedule of Non-Cash Capital and Related Financing Activities</b>					
Capital assets acquired through lease financing	-	-	-	-	-
Fair value of investments increased (decreased) by	205,279	105,250	55,030	365,559	85,394
<b>Total Non-Cash Activities</b>	<u>\$ 205,279</u>	<u>\$ 105,250</u>	<u>\$ 55,030</u>	<u>\$ 365,559</u>	<u>\$ 85,394</u>

See accompanying notes to the basic financial statements

**Kittitas County, Washington**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2023**

	Private-Purpose Trust Funds	Custodial Funds	
		External Investment Pool	Other Custodial Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 23,478	\$ -	\$ 15,296,931
Investments	6,846	39,638,317	
Receivables	17	-	1,768,644
<b>Total Assets</b>	30,341	\$ 39,638,317	17,065,575
<b>Liabilities</b>			
Accounts payable and other accrued expenses	26,290	-	5,007,885
<b>Total Liabilities</b>	26,290	-	5,007,885
<b>Net Position</b>			
Restricted for other governments	4,051	39,638,317	12,057,690
<b>Total Net Position</b>	\$ 4,051	\$ 39,638,317	\$ 12,057,690

See accompanying notes to the basic financial statements

**Kittitas County, Washington**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2023**

	Private-Purpose Trust Funds	Custodial Funds	
		External Investment Pool	Other Custodial Funds
<b>Additions:</b>			
Investment earnings	\$ 190	\$ -	\$ 1,048,934
Property tax collections for other governments	-	-	81,626,676
Other taxes and fees collected for other governments	-	-	11,297,834
Contributions by pool participants	-	36,119,047	-
School apportionment collected for other governments	-	-	81,909,001
Agency deposits	96,211	-	23,868,861
<b>Total Additions</b>	<b>96,401</b>	<b>36,119,047</b>	<b>199,751,306</b>
<b>Deductions:</b>			
Deductions by pool participants	-	29,394,297	-
Agency disbursements	99,023	-	199,806,163
<b>Total Deductions</b>	<b>99,023</b>	<b>29,394,297</b>	<b>199,806,163</b>
<b>Change in Net Position</b>	<b>(2,622)</b>	<b>6,724,750</b>	<b>(54,857)</b>
<b>Net Position Beginning of Year</b>	<b>6,673</b>	<b>32,913,567</b>	<b>12,112,547</b>
<b>Net Position End of Year</b>	<b>\$ 4,051</b>	<b>\$ 39,638,317</b>	<b>\$ 12,057,690</b>

See accompanying notes to the basic financial statements

**KITTITAS COUNTY, WASHINGTON**  
**Notes to the Financial Statements**  
**December 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Kittitas County was dedicated by the State of Washington as a public entity on November 28, 1883 and operates under the laws of the State of Washington applicable to a County with a commissioner form of government.

Kittitas County is a general-purpose government and provides public safety, road improvement, parks and recreation, judicial administration, health and social services, airport and general administration services. In addition, the County owns a solid waste disposal system.

**A. REPORTING ENTITY**

The financial statements of Kittitas County have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements present all funds and departments for which the County is considered to be financially accountable. Pursuant to the laws of the State of Washington, the County Treasurer is the ex-officio treasurer of all special purpose districts within the County. Funds received and disbursed to such special districts are reported as Custodial (Fiduciary) activities in the accompanying financial statements. There are no other relationships with organizations of such a nature and significance that exclusion would render the County financial statements incomplete or misleading.

**B. JOINT VENTURES AND JOINT OPERATIONS**

The accompanying financial statements include the financial positions and results of operations which are controlled by or dependent on the County (except that the operations of and equity in joint ventures are not included in the statements as explained in note 13). Control by the County was determined based on budget adoption and resource allocation criteria. Dependence on the County was determined by the County's obligation to redeem the organization's debts, to finance the organization's deficits and the extent to which subsidies from the County constitute a major portion of the organizations' total non-grant resources.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of Kittitas County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to a specific function or segment. Expenses reported for functional activities include allocated indirect expenses. As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Kittitas County considers revenues to be available if they are recognized within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Per RCW 36.40.20 all appropriations shall lapse at the end of the fiscal year: PROVIDED, That the appropriation accounts may remain open for a period of thirty days, and may, at the auditor's discretion, remain open for a period not to exceed sixty days thereafter for the payment of claims incurred against such appropriations prior to the close of the fiscal year. After such period has expired all appropriations shall become null and void and any claim presented thereafter against any such appropriation shall be provided for in the next ensuing budget: PROVIDED that this shall not prevent payments upon uncompleted improvements in progress at the close of the fiscal year.

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by Kittitas County.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Solid Waste fund is generated from refuse. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County reports the following major government funds:

- The General Fund is the County's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The County Road Fund is funded primarily by portions of property and sales taxes dedicated to maintenance and operations of county roads.
- The SLFRF Fund is used to track U.S. Treasury recovery revenues and related expenditures.
- The Airport Fund is funded primarily by user fees and lease revenues, and is occasionally awarded State and Federal Grant funds for maintenance and improvement projects.

The County reports the following major enterprise funds:

- The Solid Waste Fund is used to account for charges for waste collection services and related transfer station and landfill operations.
- The Community Development Services Fund is funded by charges for building, planning and code enforcement services.
- The Water Mitigation Fund is funded by charges for utility services.

Additionally, the County reports the following fund types:

- Special revenue funds account for the proceeds of specific revenue sources to finance specific activities as required by law or administrative regulations.
- Debt service funds account for the accumulation of resources and the payment of general long-term debt principal and interest from governmental resources.
- Capital project funds account for the design and construction of infrastructure and other governmental facilities.
- Internal service funds account for the County's equipment rental and revolving fund, unemployment and dental insurance and computer replacement.
- Fiduciary funds are used to account assets held by the county in a trustee capacity or as an agent on behalf of other governments, special districts, private organizations or individuals. Fiduciary funds include private purpose trust funds and custodial funds. Private purpose trust funds include the Jerry Williams Library and Reecer Creek Water Rights funds. Custodial funds include the External Investment Pool and Other Custodial Funds held for other governments.

## **E. BUDGETARY INFORMATION**

### **1. SCOPE OF BUDGET**

Annual appropriated budgets are adopted for the General and Special Revenue Funds as per RCW 36.29.024 and RCW 84.56.020, except for the Treasurer Investment Revolving and Treasurer M&O fund which is not required to be budgeted. These budgets are prepared in accordance with generally accepted accounting principles.

Annual appropriated budgets are adopted at the level of each fund and the budget constitutes the legal authority for expenditures at that level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class. Appropriations for all funds lapse at year-end.

### **2. AMENDING THE BUDGET**

The County Auditor is authorized to transfer budget amounts between object classes within departments. However, any revisions that alter the total budget of a fund, or that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the County Commissioners.

When the County determines that it is in the best interest of the County to increase or decrease the appropriations for a particular fund/department it may do so by resolution approved by a simple majority after holding a public hearing. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information for the General Fund and major special revenue funds. The original budget is the first complete appropriated budget. The final budget is the original

budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

## **F. ASSETS, LIABILITIES, FUND BALANCE, NET POSITION**

### **1. CASH AND EQUIVALENTS**

Cash includes cash on hand and demand deposits. The county pools internal and external cash and investments into one pool for investment purposes with the County Treasurer, except as otherwise requested or necessary, in order to facilitate the management of cash.

The County considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

### **2. INVESTMENTS**

It is the County's policy to invest all temporary cash surpluses. Interest on County investment balances is credited to the general fund. All securities are measured at fair value.

### **3. RECEIVABLES**

Taxes receivable consists of property taxes and related interest and penalties (See Note 3, Property Tax). Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties.

Accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered.

Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

### **4. AMOUNTS DUE TO/FROM OTHER FUNDS INTERFUND LOANS/ AND ADVANCES RECEIVABLE**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund loans receivable/payable." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." A separate schedule of interfund loans receivable and payable is furnished in Interfund Balances and Transfers Note No. 12.

### **5. INVENTORIES**

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are purchased. A comparison to market value is not considered necessary.

Inventories in Proprietary Funds are valued at cost using the average cost method, which approximates the market value. Items that are inventoried are Pits, Central Stores, Mechanical Parts, Fuel Depot and Sign Inventory. Inventories in proprietary funds are valued by the average method (which approximates the market value).

### **6. CAPITAL ASSETS**

Capital assets, which includes property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the county as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical

cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Kittitas County has elected to use the modified approach to account for the infrastructure account; Gravel Roads, which eliminates the need to report depreciation expense.

Computer Software is reported as Intangible Assets with a capitalization limit of \$5,000 and is not depreciated.

Capital Leases are defined as long term debt to the county. The asset is tracked but there is not value placed in the Capital Assets. Capital Leases are determined by one of the following four criteria; 1) The lease transfers ownership of the property to the lessee by, or at, the end of the lease term; 2) The lease contains an option to purchase the leased property at a bargain price; 3) The lease is equal to or greater than 75% of the estimated economic life of the leased property; 4) The present value of rental and other minimum lease payments, excluding that portion representing executory costs to be paid by the lessor, equals or exceeds 90% of the fair value of the lease property. See Note Number 9.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings & Improvements	5-60
Improvements other than Buildings	5-50
Machinery & Equipment	3-20
Roads, Guardrails & Traffic Signals	20
Bridges	51

## **7. PENSIONS**

For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the County includes the net pension asset and the related deferred outflows and inflows of resources.

## **8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Lifetime full medical coverage is provided to uniformed Police and Fire personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF) retirement system prior to October 1, 1977. A liability for the accumulated unfunded actuarially required contributions is reported in the Statement of Net Position. Actual medical costs are reported as expenditures in the general fund in the year they are incurred.

## **9. COMPENSATED ABSENCES**

Compensated absences are absences for which employees will be paid, such as vacation, sick and compensatory time leave. All vacation, sick and compensatory time which is subject to payment upon termination is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Vacation pay, which may be accumulated up to 30 days is payable upon resignation, retirement or death; sick leave may accumulate up to a maximum of 1056 - 1120 hours; twenty-five percent of outstanding sick leave is payable upon retirement, lay-off or death, depending on which bargaining unit the employee belongs. The

following is a schedule of those bargaining units:

Washington State Council of County & City Employees
Local 792CH - Courthouse Employees
Vacation - accumulated to a total of 30 working days
Sick - accumulated to a total of 140 working days
Local 792 - County Road Employees
Vacation - accumulated to a total of 30 working days
Sick - accumulated to a total of 140 working days
Local 2658 - Appraisers
Vacation - accumulated to a total of 30 working days
Sick - accumulated to a total of 140 working days
Teamsters
Local 760 - Sheriff Deputies & Correction Officers
Vacation - accumulated to a total of 30 working days
Sick - accumulated to a total of 132 working days
Local 760 - Misdemeanant Probation
Vacation - accumulated to a total of 30 working days
Sick - accumulated to a total of 140 working days
Non-Union Personnel Policies
Vacation - accumulated to a total of 30 working days
Sick - accumulated to a total of 140 working days

## 11. LONG-TERM DEBT

Liabilities for long-term debt are recorded in the government-wide statement of net position and the proprietary funds balance sheet. Bonds payable are reported net of applicable bond premium or discount.

Bond issuance costs are expended at the time of issuance. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond proceeds are reported as other financing sources in the governmental funds.

## 12. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred outflow of resources involved no consumption of resources that results in either a net decrease in assets or a net increase in liabilities. It also represents access to present service capability that is under the government's control. Deferred outflows of resources presented are related to outstanding pension and other post-employment benefit related amounts.

Deferred inflow of resources is the acquisition of net position that is applicable to a future reporting period. A deferred inflow of resources involved no acquisition of resources resulting in either a net increase in assets or a net decrease in liabilities. It represents a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred inflows of resources presented are related to outstanding pension amounts, property taxes and other receivables.

## 13. NET POSITION AND FUND BALANCE

Net Position is segregated into three categories on the government-wide statement of net position: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. The flow assumption of the County is to use restricted assets before unrestricted assets.

Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities reported in the governmental fund. Fund balance is classified into the following categories:

- Non-spendable – items that cannot be spent due to form: inventories, prepaid amounts or amounts that must be maintained intact legally.
- Restricted – amounts constrained for specific purposes imposed by external parties, such as those resulting from federal and state legislation, grant awards, bond covenants, and inter-local service agreements.

- Committed – fund balance constrained by ordinance or resolution is adopted by the Board of Commissioners and requires the same action to remove the constraint.
- Assigned – constraints that are neither restricted nor committed are considered assigned. Assignments are adopted formally or informally.
- Unassigned – any remaining fund balance in the general fund not classified as non-spendable, restricted, committed or assigned is considered unassigned. Negative fund balance in any other governmental fund is also unassigned.

The flow assumption for fund balance is to use restricted fund balance first, followed by committed, assigned and unassigned.

#### 14. LEASES

##### Lessee

The County is a lessee for noncancelable leases. The County recognizes lease liabilities and intangible right-to-use lease assets in the government-wide and proprietary fund financial statements. The County recognizes lease liabilities with an initial, individual value of \$25,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis over its useful life.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease. Lease payments in governmental funds are reported as debt service principal and debt service interest expenditures.

Key estimates and judgements include how the County determines the discount rate it uses to discount expected lease payments to present value, lease term, and lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided the County generally uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

##### Lessor

The County is a lessor for noncancelable leases. The County recognizes lease receivables and related deferred inflows of resources in the government-wide and fund financial statements.

At the commencement of a lease the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line basis.

Key estimates and judgements include how the County determines the discount rate it uses to discount the

expected lease payments to present value, lease term and lease payments.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

## **NOTE 2 - DEPOSITS AND INVESTMENTS**

### **A. DEPOSITS**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the County would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The County has a formal Investment Policy that addresses this risk. All deposits held on December 31, 2023, and throughout the year were insured or collateralized with securities held by the County Treasurer or by their agent in the County Treasurer's name.

The Public Deposit Protection Commission of the State of Washington (PDPC) covers all deposits not covered by the Federal Depositary Insurance Corporation (FDIC). The PDPC is a statutory authority established under RCW 39.58. It constitutes a multiple financial institution collateral pool that insures public deposits. In such a pool, a group of financial institutions, holding public funds, pledge collateral to a common pool. The PDPC provides protection by maintaining strict standards as to the amount of public deposits financial institutions can accept, by monitoring the financial condition of all public depositories, and by optimizing collateralization requirements. In the event of a bank failure, claims for the County's deposits would be satisfied by the FDIC or from the sale of collateral held in the PDPC pool. No amount was exposed as uninsured or uncollateralized.

### **B. INVESTMENTS**

Through the Office of the County Treasurer, Kittitas County collects taxes, fees, and other revenues. It collects not only for the County but also for special purpose districts located within the County. In its custodial role, the Treasurer has the authority to deposit any public funds available for investment and to secure those funds with appropriate collateral.

Cash is deposited and invested on behalf of the County and local districts per its Debt and Investment Policies. These investments are governed by state statute and County Investment Policy. All investment instruments are those allowed by statute, including U.S. Treasury Notes, Federal Agencies, short-term commercial paper, municipal bonds, money market accounts, and the State Treasurer's Local Government Investment Pool (LGIP).

Investments are subject to the following risks for which the county has a formal policy to address:

#### **Interest Rate Risk**

Interest rate risk is the risk the County may face should interest rate variances affect the fair value of investments. Fixed-income securities and interest rates are inversely correlated; therefore, as interest rates rise, the prices of these securities tend to fall. Through its Investment Policy, the County manages its exposure to the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities or interest-earning cash accounts.

<b>Maturity Report as of 12/31/2023</b>		Investment Maturities Par (in years)		
<b>Investment Type</b>	Fair Value	Less than 1	1 to 5	6 to 10
WA State LGIP	\$ 20,921,679.90	\$ 20,921,679.90	\$ -	\$ -
Corporate Notes	\$ 21,356,529.04	\$ 12,500,000.00	\$ 9,500,000.00	\$ -
Federal Agency Securities	\$ 63,931,748.18	\$ 7,775,000.00	\$ 60,908,000.00	\$ -
Treasury Coupon Securities	\$ 14,645,106.71	\$ 1,000,000.00	\$ 14,636,000.00	\$ -
SUPRA National	\$ 5,324,782.42	\$ 1,000,000.00	\$ 4,295,000.00	\$ -
Municipal Bonds	\$ 20,081,740.75	\$ 9,260,000.00	\$ 11,725,000.00	\$ -
<b>Total Portfolio</b>	\$ 146,261,587.00	\$ 52,456,679.90	\$ 101,064,000.00	
<b>Grand Total Portfolio</b>	\$ 146,261,587.00	\$ 52,456,679.90	\$ 101,064,000.00	

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's Investment Policy minimizes its credit risk by limiting investments to selected types of securities and pre-qualifying the financial institutions, broker/dealers, and intermediaries with which the County will do business. The credentials of these business partners are reviewed at least annually. Presented below is the minimum rating required by the state statute and the actual rating, as of December 31, 2023, for each type of investment in which the County participates:

<b>Credit Ratings as of 12/31/2023</b>			
<b>Investment Type</b>	Fair Value	Required Min Rating	Year End Rating
WA State LGIP	\$ 20,921,679.90	NR	NR
Corporate Notes	\$ 21,356,529.04	AA+	A or better
Federal Agency Securities	\$ 63,931,748.18	AA+	AAA
Treasury Coupon Securities	\$ 14,645,106.71	AA+	AAA
SUPRA National	\$ 5,324,782.42	A-	AAA
Municipal Bonds	\$ 20,081,740.75	A-	AA or better
<b>TOTAL</b>	\$ 146,261,587.00		

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The county has a formal policy for concentration of credit risk which requires diversification of the portfolio and limits the percentage of the total portfolio held in each category. The Investment Policy sets forth maximum concentration guidelines whereby holdings of Treasury and Federal Agencies, Certificates of Deposit that meet state requirements, the Washington State Local Government Investment Pool, and Savings and Time Accounts may comprise up to 100% of the investment portfolio; Municipal bonds of any local Government in the United States up to 35%; Corporate notes up to 20%; Supranational up to 15%; and Registered Warrants and promissory notes up to 10%.

Below is a list of investments held by the County as of December 31, 2023, and the type of investment. The County continuously works towards maintaining a well-diversified portfolio and ensuring it conforms to standard best practices as well as state and federal requirements.

<b>Investment by Type - 12/31/2023</b>	<b>Market Value</b>	<b>Percentage</b>	<b>% allowed</b>	<b>Difference</b>
WA State LGIP	\$ 20,921,679.90	14.30%	100%	85.6957%
Corporate Notes	\$ 21,356,529.04	14.60%	20%	5.3984%
Federal Agency Securities	\$ 63,931,748.18	44%	100%	56.2894%
Treasury Coupon Securities	\$ 14,645,106.71	10.01%	100%	89.9870%
SUPRA National	\$ 5,324,782.42	3.64%	15%	11.3594%
Municipal Bonds	\$ 20,081,740.75	13.73%	35%	21.2700%
<b>Total Debt Securities</b>	<b>\$ 146,261,587.00</b>	<b>100.00%</b>		

Investments in the Local Government Investment Pool (LGIP)

The County is a voluntary participant in the Local Government Investment Pool (LGIP), an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200 or online at [www.tre.wa.gov](http://www.tre.wa.gov).

Investments in Kittitas County Investment Pool (KCIP)

The County operates and is a participant in the Kittitas County Investment Pool (KCIP), an external investment pool. The pool was initiated on October 1, 2018. The responsibility for managing the pool resides with the County Treasurer. The County Treasurer, by law, is the Treasurer of most local governments and districts within the County, including schools, fire, and water districts. These districts do not have a legal option to have their cash handled by anyone other than the County Treasurer. The Pool is established per the RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The County Treasurer, the County Auditor, and the Chairman of the Board of County Commissioners, as the statutory County Finance Committee, perform oversight of the pool's performance. The county's investment policy is established by the County Finance Committee consisting of the County Treasurer, County Auditor, and County Commissioner Chairperson.

The county external investment pool is not registered with the Security Exchange Committee (SEC) and does not have a credit rating. It had a weighted average maturity of 718 days or 1.97 years as of December 31, 2023, an effective rate of return of 3.27%, and an overall yield to maturity rate (at a 360-day equivalent) of 3.111%. The interest on these investments is allocated between all participating funds, including the County General Fund, based on their percentage of participation, except where prohibited by statute or bond covenant.

The County does not currently contract with an investment advisor, instead relying on the Treasurer to manage the portfolio. The Treasurer works with several brokers who do business with the County to provide at least a quarterly review of the portfolio and assist with the portfolio strategy on a regular basis.

Participation in the KCIP by districts and agencies is voluntary, with a signed Investment Service Agreement submitted to the Treasurer. The County and districts can take advantage of higher-yielding investment opportunities by combining purchasing power while maintaining the County's objectives of safety, liquidity, and yield. Updated agreements were signed in January 2023.

There are no legally binding guarantees for the KCIP. All funds deposited in the KCIP are available to the participant at full face value without regard to the current market values of the investment pool. Earnings distributions, including any realized transactions in the pool, are allocated and distributed monthly, calculated on the average daily balance of the participant's investment balances. Pool participants manage their own cash and direct the County Treasurer by written request to deposit or withdraw monies from their funds for investment purposes.

Money from districts that have not directed the County Treasurer by written or electronic request to place individual investments, as well as County departments that do not invest their own money, is invested by the Treasurer as surplus cash. The interest on these investments is credited to the County General Fund, except where prohibited by statute or bond covenant. The total income from the KCIP assigned to the County's general fund for the year was \$1,667,189. As directed by state statute, the County Treasurer invests all funds not needed for immediate expenditure.

Investments Measured at Fair Value

The County measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3: Unobservable inputs for an asset or liability.

On December 31, 2023, the County had the following investments measured at fair value:

Investments by Fair Value Level as of December 31, 2023	Level 1-Quoted Prices in Active Markets for Identical Assets	Level 2-Significant Other Observable Inputs	Level 3-Significant Unobservable Inputs	Total
Corporate Notes	\$ -	\$ 21,356,529.04	\$ -	\$ 21,356,529.04
Federal Agency Securities	\$ -	\$ 63,931,748.18	\$ -	\$ 63,931,748.18
Treasury Coupon Securities	\$ 14,645,106.71	\$ -	\$ -	\$ 14,645,106.71
SUPRA National	\$ -	\$ 5,324,782.42	\$ -	\$ 5,324,782.42
Municipal Bonds	\$ -	\$ 20,081,740.75	\$ -	\$ 20,081,740.75
	\$ 14,645,106.71	\$ 110,694,800.39	\$ -	\$ 125,339,907.10

**C. Summary of Deposit and Investment Balances**

Reconciliation of County deposits and investment balances as of December 31, 2023, is as follows:

	Government-Wide	Fiduciary Funds	Total
<b>Deposits</b>			
Cash and Cash Equivalents	\$ 12,947,487	\$ 15,320,409	\$ 28,267,896
Restricted Cash and Cash Equivalents	286,811	-	286,811
<b>Total Deposits</b>	<b>\$ 13,234,298</b>	<b>\$ 15,320,409</b>	<b>\$ 28,554,707</b>
	Government-Wide	Fiduciary Funds	Total
<b>Investments</b>			
Investments	84,374,583	39,645,163	124,019,746
Restricted Investments	1,320,162	-	1,320,162
<b>Total Investments</b>	<b>\$ 85,694,745</b>	<b>\$ 39,645,163</b>	<b>\$ 125,339,908</b>
<b>Total Deposits and Investments</b>	<b>\$ 98,929,043</b>	<b>\$ 54,965,572</b>	<b>\$ 153,894,615</b>

**NOTE 3 - PROPERTY TAXES**

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed after the end of each month.

**Property Tax Calendar**

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed
April 30	First of two equal installment payments is due
May 31	Assessed value of property established for next year's levy at 100% of market value
October 31	Second installment is due

Property taxes are recorded as a receivable when levied, offset by deferred inflows of resources. During the year, property tax revenues are recognized when taxes are levied. At year-end, property tax revenues are recognized for collections expected to occur within 60 days. The balance of taxes receivable includes related interest and penalties. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The County may levy up to \$1.80 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

A. Washington State Law RCW's 84.55.010 and 84.55.0101 limits the growth of regular property taxes to 1 percent or less per year, plus adjustments for new construction. If the assessed valuation increases due to revaluation, the levy rate will be decreased.

B. The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

2023 property tax levies are shown in the table below. The General Fund and Flood Control levies were based on assessed valuation of \$13,219,326,580 and the Road levy was based on assessed valuation of \$9,721,177,511.

<b>Fund</b>	<b>Levy</b>	<b>Amount</b>
General	0.740846	\$ 9,793,490
Mental Health	0.025000	\$ 330,483
Veterans Relief	0.003622	\$ 47,886
<b>Total General Fund</b>	<b>0.769469</b>	<b>\$ 10,171,859</b>
Road	0.869158	\$ 8,449,235
Flood Control	0.070199	\$ 927,985
<b>Grand Total</b>	<b>1.708826</b>	<b>\$ 19,549,079</b>

## **NOTE 4 – CAPITAL ASSETS**

### **A. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023, is shown by asset type in the following tables.

<b>Governmental Activities:</b> (including Internal Service fund):	<b>Beginning Balance 1/1/2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2023</b>
Nondepreciable capital assets:				
Land	\$ 8,414,654	\$ -	\$ -	\$ 8,414,654
Gravel roads	5,473,458	47	-	5,473,505
Easements & right of ways	6,768,608	180,246	(8,779)	6,940,075
Intangible assets	1,681,193	7,045	-	1,688,238
Construction in progress	8,185,668	8,599,542	(5,183,518)	11,601,692
Total nondepreciable capital assets	<u>30,523,581</u>	<u>8,786,880</u>	<u>(5,192,297)</u>	<u>34,118,164</u>
Depreciable capital assets				
Buildings & improvements	45,251,047	1,884,832	(235,780)	46,900,099
Improvements other than buildings	3,627,750	350,932	-	3,978,682
Machinery and equipment	18,238,543	1,955,451	(1,144,487)	19,049,507
Right-to-use lease & SBITA assets*	215,294	1,577,225	(33,251)	1,759,268
Infrastructure	174,393,601	11,809,801	(1,071,295)	185,132,107
Total depreciable capital assets	<u>241,726,235</u>	<u>17,578,241</u>	<u>(2,484,813)</u>	<u>256,819,663</u>
Total capital assets	<u>272,249,816</u>	<u>26,365,121</u>	<u>(7,677,110)</u>	<u>290,937,827</u>
Less accumulated depreciation & amortization for:				
Buildings & improvements	(22,510,272)	(1,480,611)	170,372	(23,820,511)
Improvements other than buildings	(2,223,855)	(180,006)	-	(2,403,861)
Machinery and equipment	(12,452,303)	(1,585,846)	1,059,784	(12,978,365)
Right-to-use lease & SBITA assets	(40,085)	(160,816)	33,251	(167,650)
Infrastructure	(125,977,103)	(3,113,330)	573,076	(128,517,357)
Total accumulated depreciation	<u>(163,203,618)</u>	<u>(6,520,609)</u>	<u>1,836,483</u>	<u>(167,887,744)</u>
Governmental activities capital assets, net	<u>\$ 109,046,198</u>	<u>\$ 19,844,512</u>	<u>\$ (5,840,627)</u>	<u>\$ 123,050,083</u>

\*beginning balance re-stated

<b>Business-Type Activities:</b>	<b>Beginning Balance 1/1/2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2023</b>
Nondepreciable capital assets:				
Land	\$ 3,109,128	\$ -	\$ -	\$ 3,109,128
Intangible assets	6,742,462	497,627	(70,000)	7,170,089
Construction in progress	4,314,764	1,279,218	-	5,593,982
Total nondepreciable capital assets	14,166,354	1,776,845	(70,000)	15,873,199
Depreciable capital assets				
Buildings & improvements	1,389,479	-	-	1,389,479
Improvements other than buildings	4,997,480	-	-	4,997,480
Machinery and equipment	1,922,985	-	-	1,922,985
Right-to-use lease & SBITA assets	232,058	-	-	232,058
Total depreciable capital assets	8,542,002	-	-	8,542,002
Total capital assets	22,708,356	1,776,845	(70,000)	24,415,201
Less accumulated depreciation & amortization for:				
Buildings & improvements	(1,064,701)	(29,973)	-	(1,094,674)
Improvements other than buildings	(4,539,040)	(101,184)	-	(4,640,224)
Machinery and equipment	(1,743,113)	(57,367)	-	(1,800,480)
Right-to-use lease & SBITA assets	(35,982)	(35,982)	-	(71,964)
Total accumulated depreciation	(7,382,836)	(224,506)	-	(7,607,342)
Business-type activities capital assets, net	<u>\$ 15,325,520</u>	<u>\$ 1,552,339</u>	<u>\$ (70,000)</u>	<u>\$ 16,807,859</u>

## **B. DEPRECIATION EXPENSE**

Depreciation expense was charged as follows:

### **Governmental Activities:**

General Government	\$ 852,828
Judicial Services	35,715
Public Safety	706,481
Physical Environment	-
Transportation	4,325,402
Health & Human Services	84,698
Culture & Recreation	515,485
<b>Total</b>	<b><u>\$ 6,520,609</u></b>

### **Business-Type Activities**

Solid Waste & Garbage	\$ 200,272
Community Development Services	24,233
<b>Total</b>	<b><u>\$ 224,505</u></b>

## **NOTE 5 – PENSION PLANS**

The following table represents the aggregate pension amounts for all plans for the year 2023:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	(2,608,843)
Pension assets	7,832,396
Deferred outflows of resources	6,625,623
Deferred inflows of resources	(4,019,499)
Pension expense/expenditures	834,565

**State Sponsored Pension Plans**

Substantially all county full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

**Public Employees’ Retirement System (PERS)**

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
January – June 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>10.39%</b>	<b>6.00%</b>
July – August 2023		

PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>9.39%</b>	<b>6.00%</b>
September – December 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.53%</b>	<b>6.00%</b>

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
January – June 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>10.39%</b>	<b>6.36%</b>
July – August 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>9.39%</b>	<b>6.36%</b>
September – December 2023		
PERS Plan 2/3	6.36%	6.36%

PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>9.53%</b>	<b>6.36%</b>

The County’s actual PERS plan contributions were \$728,443 to PERS Plan 1 and \$1,194,115 to PERS Plan 2/3 for the year ended December 31, 2023.

**Public Safety Employees’ Retirement System (PSERS)**

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006.

PSERS membership includes certain public employees whose jobs contain a high degree of physical risk to their own personal safety. In addition to meeting strict statutory work requirements, membership is further restricted to specific employers including:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor and Cannabis Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the AFC times the member’s years of service. The AFC is based on the member’s 60 highest creditable months of service. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Benefits are actuarially reduced for each year that the members age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than then service credit years). There is no cap on years of service credit. Retirement before age 60 is considered an early retirement. PSERS members who retire before 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3% per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other benefits include a COLA, capped at 3% annually. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2023 were as follows:

<b>PSERS Plan 2</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January – June 2023		
PSERS Plan 2	6.60%	6.50%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>10.63%</b>	<b>6.50%</b>
July – August 2023		
PSERS Plan 2	6.60%	6.60%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
<b>Total</b>	<b>9.63%</b>	<b>6.60%</b>
September - December 2023		
PSERS Plan 2	6.73%	6.60%

PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
<b>Total</b>	<b>9.90%</b>	<b>6.73%</b>

The County’s actual plan contributions were \$164,497 to PSERS Plan 2 and \$83,753 to PERS Plan 1 for the year ended December 31, 2023.

**Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)**

LEOFF was established in 1970 and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state’s full-time, fully compensated, local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

**LEOFF Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months’ salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA). LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2023. Employers paid only the administrative expense of 0.20 percent of covered payroll.

**LEOFF Plan 2** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50-52, the reduction is 3% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a COLA (based on the CPI), capped at 3% annually. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2023.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
January – August 2023		

State and local governments	5.12%	8.53%
Administrative Fee	0.18%	
<b>Total</b>	<b>5.30%</b>	<b>8.53%</b>
September – December 2023		
State and local governments	5.12%	8.53%
Administrative Fee	0.20%	
<b>Total</b>	<b>5.32%</b>	<b>8.53%</b>

The County’s actual contributions to the plan were \$209,975 for the year ended December 31, 2023.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Office of the State Actuary and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2023, the state contributed \$87,966,142 to LEOFF Plan 2. The amount recognized by the county as its proportionate share of this amount is \$122,032.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries’ Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree or survivor), as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan 1 / 2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022 measurement date.

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan’s fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA’s assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

**Estimated Rates of Return by Asset Class**

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	<b>100%</b>	

**Sensitivity of the Net Pension Liability/(Asset)**

The table below presents the county proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
PERS 1	\$3,644,751	\$2,608,843	\$1,704,739
PERS 2/3	5,639,619	(5,185,285)	(14,078,627)
PSERS 2	516,931	(333,379)	(1,004,460)
LEOFF 1	(250,965)	(283,031)	(310,837)
LEOFF 2	336,229	(2,030,701)	(3,967,830)

**Pension Plan Fiduciary Net Position**

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the County reported its proportionate share of the net pension liabilities and assets as follows:

	Liability	Asset
PERS 1	\$2,608,843	-
PERS 2/3	-	5,185,285
PSERS 2	-	333,379
LEOFF 1	-	283,031
LEOFF 2	-	2,030,701
<b>TOTAL</b>	<b>\$2,608,843</b>	<b>\$7,832,396</b>

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the county. The amount recognized by the county as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the county were as follows:

	LEOFF 1 Asset	LEOFF 2 Asset
Employer's proportionate share	283,031	2,030,701
State's proportionate share of the net pension asset associated with the employer	1,914,413	1,296,785
TOTAL	2,197,444	3,327,486

At June 30, the County's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/22	Proportionate Share 6/30/23	Change in Proportion
PERS 1	.125550%	.114286%	(.011264%)
PERS 2/3	.135216%	.126511%	(.008705%)
PSERS 2	.346416%	.314393%	(.032023%)
LEOFF 1	.009488%	.009536%	.000048%
LEOFF 2	.081526%	.084662%	.003136%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2023. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The State of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2023, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61 percent of employer contributions.

**Pension Expense**

For the year ended December 31, 2023, the County recognized pension expense as follows:

	Pension Expense
PERS 1	(385,317)
PERS 2/3	(489,611)
PSERS 2	85,910
LEOFF 1	(26,074)
LEOFF 2	(19,474)
TOTAL	(834,565)

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2023, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	--	--

Net difference between projected and actual investment earnings on pension plan investments	--	\$294,289
Changes of assumptions	--	--
Changes in proportion and differences between contributions and proportionate share of contributions	--	--
Contributions subsequent to the measurement date	\$323,040	--
Total	\$323,040	\$294,289

<b>PERS 2/3</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between expected and actual experience	\$1,056,237	\$57,936
Net difference between projected and actual investment earnings on pension plan investments	--	1,954,129
Changes of assumptions	2,176,962	474,492
Changes in proportion and differences between contributions and proportionate share of contributions	392,737	50,708
Contributions subsequent to measurement date	610,943	--
Total	\$4,236,879	\$2,537,264

<b>PSERS 2</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between expected and actual experience	\$104,317	\$85,785
Net difference between projected and actual investment earnings on pension plan investments	--	89,720
Changes of assumptions	149,154	58,012
Changes in proportion and differences between contributions and proportionate share of contributions	29,141	30,424
Contributions subsequent to measurement date	84,085	--
Total	\$366,697	\$263,941

<b>LEOFF 1</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between expected and actual experience	--	--
Net difference between projected and actual investment earnings on pension plan investments	--	18,768
Changes of assumptions	--	--
Changes in proportion and differences between contributions and proportionate share of contributions	--	--
Contributions subsequent to measurement date	--	--
Total	--	18,768

<b>LEOFF 2</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between expected and actual experience	\$829,484	\$16,707

Net difference between projected and actual investment earnings on pension plan investments	--	429,692
Changes of assumptions	518,735	166,806
Changes in proportion and differences between contributions and proportionate share of contributions	240,809	292,032
Contributions subsequent to measurement date	109,979	--
Total	1,699,007	\$905,237

Deferred outflows of resources related to pensions resulting from the county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	PERS 1
2024	(200,222)
2025	(251,803)
2026	155,258
2027	2,478
2028	--
Thereafter	--

Year Ended December 31:	PERS 2/3
2024	(845,051)
2025	(1,059,039)
2026	1,684,085
2027	640,021
2028	607,650
Thereafter	61,006

Year Ended December 31:	PSERS 2
2024	(54,412)
2025	(67,752)
2026	66,612
2027	10,280
2028	11,112
Thereafter	52,832

Year Ended December 31:	LEOFF 1
2024	(12,868)
2025	(16,147)
2026	10,017
2027	231
2028	--
Thereafter	--

Year Ended December 31:	LEOFF 2
2024	(175,535)
2025	(244,924)
2026	366,522
2027	129,122
2028	143,178
Thereafter	465,427

## **NOTE 6 - RISK MANAGEMENT**

### **GENERAL LIABILITY & PROPERTY INSURANCE**

Kittitas County is a participating member of the Washington Counties Risk Pool (WCRP). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to join together for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in August of 1988 when 15 counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2023, 24 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management, education and claims administration. The Pool's liability program provides coverage for general liability, public officials liability, police professional liability, employment practices liability, and automobile liability. County deductibles range from \$10,000 to \$500,000. Reinsurance is purchased in several layers up to the policy limits of \$10,000,000. Members may purchase an optional \$5,000,000 excess of \$20,000,000 layer of coverage. Allocated loss adjustment expense (ALAE) is combined with losses for purposes of the Pool retention, excess insurance, and deductibles. For losses occurring in 2023, Kittitas County selected a per-occurrence deductible of \$25,000.

Members make an annual contribution to fund the Pool. The Pool acquires excess and reinsurance for further protection from larger losses. For the first \$10,000,000 of coverage, the Pool acquires reinsurance. The reinsurance agreements are written with Self-Insured Retentions ("SIRs") equal to the amount of the layer of coverage below. For the Pool's 2020-21 Fiscal Year, the Pool's SIR was \$2,000,000 and for the Pool's 2021-22 and 2022-23 Fiscal Years, the Pool's SIR was \$3,000,000. The other reinsurance agreements respond up to the applicable policy limits and the agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$30,000,000 (lowest reinsured layer), \$50 million, (second layer). The Pool purchases excess coverage for the additional \$10,000,000 with an aggregate limit of \$100,000,000. Since the Pool is a cooperative program, there is a joint liability among the participating members. For the 2022-23 Fiscal Year, 15 of the Pool's 25 member counties group purchase an additional \$5,000,000 policy in excess of the pooled \$20,000,000.

New members may be asked to pay modest fees to cover the costs to analyze their loss data and risk profiles, and for their proportional shares of the entry year's assessments. New members contract under the Interlocal Agreement to remain in the Pool for at least five years. Following its initial 60-month term, any member may terminate its membership at the conclusion of any Pool fiscal year, provided the county timely files the required advance written notice. Otherwise, the Interlocal Agreement and membership automatically renews for another year. Even after termination, former members remain responsible for reassessments by the Pool for the members' proportional shares of any unresolved, unreported, and in- process claims for the periods that the former members were signatories to the Interlocal Agreement.

The Pool is fully funded by its member participants. Claims are filed directly with the Pool by members and adjusted by one of the four staff members responsible for evaluating each claim for coverage, establishing reserves and investigating claims for any risk-shared liability. The Pool does not contract with any third-party administrators for claims adjustment or loss prevention services.

During 2022-23, Kittitas County was also one of twenty-four (24) counties which participated in the Washington Counties Property Program (WCPP). Property losses are covered under the WCPP to the participating counties' buildings and contents, vehicles, mobile/contractor equipment, EDP and communication equipment, etc. that have been scheduled. The WCPP includes 'All Other Perils ("AOP")' coverage limits of \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200 million each. Each participating

county is solely responsible for paying their selected deductible, ranging between \$5,000 and \$50,000. Higher deductibles apply to losses resulting from catastrophe-type losses.

Kittitas County also participates in the jointly purchased cyber risk and security coverage from a highly rated commercial insurer. This group-purchased cyber coverage provides limits of \$2,000,000 per claim and \$5,000,000 in the aggregate. For 2023, the Pool’s SIR for cyber claims was \$500,000 from January 1 through December 31, with Kittitas County having no deductible.

Beginning in the 2022-23 Fiscal Year, Kittitas County was one of 23 counties that participated in a group purchased crime policy, which included limits of \$2,000,000 and with a county deductible of \$25,000.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. The Board of Directors generally meets three-times each year with the Annual Meeting of the Pool being held in summer. The Board approves the extent of risk-sharing, approves the Pool’s self-insuring coverage documents, approves the selection of reinsurance and excess agreements, and approves the Pool’s annual operating budget.

An 11-member executive committee is elected by and from the WCRP Board for staggered, 3-year terms. Authority has been delegated to the Committee by the Board of Directors to, a) approve all disbursements and review the Pool’s financial health, b) approve case settlements exceeding the applicable member’s deductible by more than \$100,000, c). to authorize by two-thirds majority vote commencement of lawsuits in the name of the Pool.

During 2022-23, the WCRP’s assets increased to \$69,171,241 while its liabilities also increased to \$44,769,402. The Pool’s net position ended at \$25,531,296. The Pool more than satisfies the State Risk Manager’s solvency requirements (WAC 200.100.03001). The Pool is a cooperative program with joint liability amongst its participating members.

Deficits of the Pool resulting from any fiscal year are financed by reassessments of the deficient year’s membership in proportion with the initially levied and collected deposit assessments. The Pool’s reassessments receivable balance as of December 31, 2023, was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

## **NOTE 7 –NET POSITION**

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business- type Activities
Net investment in capital assets:		
Net capital assets	123,050,083	16,807,859
Less: capital related debt	(5,309,000)	-
Less: leases payable	(1,365,195)	(166,242)
Less: SBITA	(50,212)	-
Net investment in capital assets	<u>\$ 116,325,676</u>	<u>\$ 16,641,617</u>

Restricted net position includes the following components:

Restricted net position:	Governmental Activities	Business- type Activities
Debt service	201,195	-
Capital outlay	5,681,301	-
County roads	9,264,898	-
Flood control	3,971,545	-
Public safety	11,963,415	-
Tourism	7,851,711	-
Public facilities	3,391,849	-
Other purposes	3,214,809	-
Pension asset	9,755,015	654,754
Total restricted net position	<u>\$ 55,295,738</u>	<u>\$ 654,754</u>

## **NOTE 8 - LONG-TERM DEBT**

### **A. LONG TERM DEBT – GOVERNMENTAL**

#### **LIMITED TAX G.O. & REFUNDING BONDS 2010 REDEMPTION CONVERTED TO NEW LIMITED TAX G.O. & REFUNDING BONDS 2020**

During 2010, the County issued bonds in the amount of \$11,185,000 for the purposes of construction of repairs and expansion of the County Jail, acquisition of a building for court facilities, remodel of a building on the County fairgrounds, refunding of an advanced basis the County's Limited Tax General Obligation Bonds, 2001, paying the costs of issuance of the Bonds, and other legal purposes of the County. The federal arbitrage regulations apply to the 2010 GO & Refund Bonds debt.

The 2010 Bonds were subject to redemption, at the option of the County, prior to their stated maturity, on any date on or after June 1, 2020. On January 21, 2020, resolution 2020-010 was passed for the redemption of the 2010 bonds on June 1, 2020. The Board determined there would be debt service savings by refunding the 2010 Bonds through the issuance of a new limited tax general obligation refunding bond. Therefore, the County issued bonds in the amount of \$6,643,000.

The Limited Tax General Obligation and Refunding Bonds currently outstanding are as follows:

Purpose	Maturity Range	Interest Rate	Original Amount	Amount of Installment
Limited Tax General Obligation and Refunding Bonds, 2020	10 years June 2020-2030	1.910%	\$6,643,000	\$668,333

#### **LIMITED TAX G.O. & REFUNDING BONDS 2016C**

During 2016, the County issued bonds in the amount of \$1,511,000. The Bonds are being issued for the purpose of purchasing the Mobile Home Park (Taxable) The federal arbitrage regulations apply to the 2016 General Obligation Bond Series 2016C debt.

The Limited Tax General Obligation Bonds currently outstanding are as follows:

Purpose	Maturity Range	Interest Rate	Original Amount	Amount of Installment
---------	----------------	---------------	-----------------	-----------------------

Limited Tax General Obligation Bond Series 2016C (Mobile Home Park)	16 years Dec 2016-2032	1.660%- 2.890%	\$1,511,000	\$85,000
---	---------------------------	-------------------	-------------	----------

The bond debt service requirements to maturity for the general obligation bonds are as follows:

Year	Governmental Activities		
	Principal	Interest	Total
2024	676,000	110,996	786,996
2025	698,000	96,312	794,312
2026	714,000	80,918	794,918
2027	725,000	64,968	789,968
2028	744,000	50,586	794,586
2029-2032	1,752,000	65,268	1,817,268
Total	\$ 5,309,000	\$ 469,048	\$ 5,778,048

## **NOTE 9 – LEASES & SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

### **A. LESSEE & SBITA**

The County leases three copiers which qualify for reporting. These agreements have terms ranging from 60-120 months, staggered expiration dates, and are non-cancellable. The County has three separate real property leases, the first with a 10-year non-cancellable term ending in 2028; the second with a 22-month non-cancellable term which ended in 2023; and the third with a 10-year non-cancellable term ending in 2033. The County has two reportable SBITA assets, one of which has a remaining liability balance as of 12/31/2023.

Lease and SBITA assets for the year ended December 31, 2023, are summarized as follows:

Description	Governmental Activities			
	Beginning	Increases	Decreases	Ending
Land	33,251	-	(33,251)	-
Copiers	42,340	-	-	42,340
Office Space	-	1,372,509	-	1,372,509
SBITA	99,618	204,716	-	304,334
Total	175,209	1,577,225	(33,251)	1,719,183
Accumulated depreciation	-	(160,816)	33,251	(127,565)
Total	\$ 175,209	\$ 1,416,409	\$ -	\$ 1,591,618

Description	Business-Type Activities			
	Beginning	Increases	Decreases	Ending
Land	184,514	-	-	184,514
Copiers	11,562	-	-	11,562
Total	196,076	-	-	196,076
Accumulated depreciation	-	(35,982)	-	(35,982)
Total	\$ 196,076	\$ (35,982)	\$ -	\$ 160,094

As of December 31, 2023, the principal and interest requirements to maturity on lease are as follows:

Year	Governmental Activities		
	Principal	Interest	Total
2024	106,820	52,771	159,591
2025	110,727	48,633	159,360
2026	120,492	44,163	164,655
2027	123,323	39,341	162,664
2028	132,987	34,181	167,168
2029-2033	770,847	77,279	848,126
Total	\$ 1,365,196	\$ 296,368	\$ 1,661,564

Year	Business-Type Activities		
	Principal	Interest	Total
2024	34,877	5,893	40,770
2025	36,260	4,509	40,769
2026	37,700	3,070	40,770
2027	38,543	1,576	40,119
2028	18,862	221	19,083
Total	\$ 166,242	\$ 15,269	\$ 181,511

The remaining SBITA liability balance of \$50,212 plus interest of \$818 is due in 2024.

## **B. LESSOR**

The County is the lessor in numerous airport and other real property space leases, under non-cancellable agreements of varying lengths and termination dates. In 2023, the County received \$120,034 in principal and \$37,862 in interest on governmental leases and \$11,894 in principal and \$7,471 in interest on business-type leases.

As of December 31, 2023, future lease receivable principal and interest payments are as follows:

Year	Governmental Activities		
	Principal	Interest	Total
2024	124,364	33,532	157,896
2025	111,742	29,078	140,820
2026	113,066	24,509	137,575
2027	54,965	20,392	75,357
2028	37,592	18,820	56,412
2029-2033	200,826	73,714	274,540
2034-2038	162,000	45,583	207,583
2039-2043	132,391	28,216	160,607
2044-2048	73,780	20,000	93,780
2049-2053	77,672	16,108	93,780
2054-2058	81,858	11,922	93,780
2059-2063	86,367	7,413	93,780
2064-2068	83,898	2,657	86,555
2069-2070	22,625	134	22,760
Total	<u>\$ 1,363,146</u>	<u>\$ 332,078</u>	<u>\$ 1,695,225</u>

Year	Business-Type Activities		
	Principal	Interest	Total
2024	12,277	7,140	19,417
2025	12,672	6,799	19,470
2026	13,079	6,446	19,526
2027	12,034	6,086	18,119
2028	7,988	5,800	13,787
2029-2033	44,946	24,977	69,924
2034-2038	53,421	17,329	70,751
2039-2043	48,403	9,599	58,002
2044-2048	29,256	3,062	32,319
2049-2053	17,853	1,393	19,246
2054-2058	20,824	483	21,307
Total	<u>\$ 272,754</u>	<u>\$ 89,114</u>	<u>\$ 361,868</u>

## **NOTE 10 – CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities are shown in the table below.

	Outstanding 1/1/2023	Additions	Reductions	Outstanding 12/31/2023	Amounts Due in One Year
<b>Governmental Activities</b>					
Bonds payable	5,978,000	-	669,000	5,309,000	676,000
Leases	76,130	1,372,509	83,443	1,365,196	106,820
SBITA*	99,618	-	49,406	50,212	50,212
Compensated absences	1,724,708	405,094	-	2,129,802	148,990
Net pension liability	3,138,155	-	777,414	2,360,741	-
Total OPEB liability	2,733,516	-	719,823	2,013,693	107,069
<b>Total Governmental Activities</b>	<b>\$ 13,750,127</b>	<b>\$ 1,777,603</b>	<b>\$ 2,299,086</b>	<b>\$ 13,228,644</b>	<b>\$ 1,089,091</b>
<b>Business-Type Activities</b>					
Leases	199,789	-	33,547	166,242	34,877
Compensated absences	149,341	18,055	-	167,396	13,728
Net pension liability	357,618	-	109,516	248,102	-
Landfill closure liability	1,281,285	102,413	-	1,383,698	60,000
<b>Total Business-Type Activities</b>	<b>\$ 1,988,033</b>	<b>\$ 120,468</b>	<b>\$ 143,063</b>	<b>\$ 1,965,438</b>	<b>\$ 108,605</b>

\*Beginning balance re-stated

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Kittitas County's internal service funds did not have any short- or long-term liabilities. Also, for governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

#### Asset Retirement Obligations

The County has identified certain assets which may have external retirement obligations, including ten pit/quarry properties and two x-ray machines. The remaining estimated useful life and retirement costs cannot be reasonably estimated at this time.

### **NOTE 11 – CONTINGENCIES AND LITIGATIONS**

Kittitas County has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the Kittitas County will have to make payment. In the opinion of management, the County's insurance policies and/or self-insurance reserves are adequate to pay all known or pending claims.

As discussed in Note 8, Long-Term Debt, the County is contingently liable for repayment of refunded debt.

Amounts received or receivables from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable Funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

As of December 31, 2023 Kittitas County was named as defendant in eight legal actions, and has three additional unresolved claims for damages. As is regular and customary, some of these pending items have been resolved, and other new claims have arisen since January 1, 2024. Any/all of the remaining unresolved litigation and/or claims that are characterized as "reasonably possible" by the Prosecuting Attorney's office are expected at this time to be immaterial to the 2023 Financial Statements.

### **NOTE 12 – INTERFUND BALANCES AND TRANSFERS**

#### **A. INTERFUND BALANCES**

Interfund balances at December 31, 2023 included billings for items such as postage, scan/phone, building rents, copies, central services, computer hardware/software, advertising, and shared copier leases. The balances are as follows:

DUE TO	DUE FROM									Total
	County Road	Airport	SLFRF	Other Governmental Funds	Solid Waste Fund	Community Development Services Fund	Water Mitigation Fund	Internal Service Funds		
General Fund	\$ 36,862	\$ 1,279	\$ 4,550	\$ 40,516	\$ 8,524	\$ 12,254	\$ 907	\$ 5,459	\$ 110,351	
County Road Fund	-	3,989	-	739,350	-	1,203	1,852	12,591	758,985	
Other Governmental Funds	-	-	17,901	-	-	-	-	-	17,901	
Internal Service Funds	391,480	270	-	812	-	-	181	-	392,743	
<b>Total</b>	<b>\$ 428,342</b>	<b>\$ 5,538</b>	<b>\$ 22,451</b>	<b>\$ 780,678</b>	<b>\$ 8,524</b>	<b>\$ 13,457</b>	<b>\$ 2,940</b>	<b>\$ 18,050</b>	<b>\$ 1,279,980</b>	

**B. INTERFUND TRANSFERS**

Interfund transfers processed during 2023 are as follows:

TRANSFERS OUT	TRANSFERS IN						Total
	General Fund	County Road	Airport	Other Governmental Funds	Internal Service Funds		
General Fund	\$ -	\$ -	\$ 300,000	\$ 249,335	\$ 125,000	\$ 674,335	
SLFRF	-	-	55,095	-	-	55,095	
County Road	-	-	-	-	56,314	56,314	
Other Governmental Funds	2,364,985	1,584,228	-	-	-	3,949,213	
<b>Total</b>	<b>\$ 2,364,985</b>	<b>\$ 1,584,228</b>	<b>\$ 355,095</b>	<b>\$ 249,335</b>	<b>\$ 181,314</b>	<b>\$ 4,734,957</b>	

**NOTE 13 - JOINT VENTURES**

**A. City of Ellensburg**

Kittitas County and the City of Ellensburg entered into a cooperative service enterprise to purchase and operate the facility known as the City/County Community Center effective July 19, 1987. The \$62,500 in initial costs of the facility were split \$15,625 to the County and \$46,875 to the City.

The City is responsible for operations and maintenance of the facility. The operating costs are allocated between the City and County based upon the percent of non-city resident users. Complete financial information can be obtained from the City of Ellensburg, 501 N. Anderson Street, Ellensburg, WA 98926.

The City accounts for the operations of the facility in the Recreation Department of the General Fund. The 2023 operations are as follows:

Funding Source	Budget	Actual
Kittitas County	\$ 49,000	\$ 65,873
City of Ellensburg	124,262	108,303
Tour Fees	5,000	5,198
Other Revenues	26,360	29,799
<b>Total Support</b>	<b>\$ 204,622</b>	<b>\$ 209,174</b>

**B. Snoqualmie Pass Utility District**

The E. R. & R. Fund and the Snoqualmie Pass Utility District constructed a joint shop at Hyak in 2014. Both parties own 1/2 of the building and have joint responsibility for the small common entrance area. An Interlocal Agreement has been drafted to materialize the relationship between the Public Works ER&R fund and Snoqualmie PUD.

Snoqualmie PUD handles shared expenses including insurance and utilities, billing the Public Works ER&R fund annually. The ER&R Fund collects quarterly payments for a reserve fund to cover Roofing (45 year warranty), Siding (20 year warranty), Driveway & Parking Lot Maintenance, Mechanical and Heating Unit, and Garage doors with openers. At the end of 2023 the fund total held by Public Works ER&R for the Hyak joint shop reserve was \$72,813.

**C. Related Parties**

The Board of County Commissioners has the appointment authority of the several governing boards. The Board has no responsibility or influence in each of their financial transactions. Those boards include Housing Authority of Kittitas County, Television Improvement District, and the Water Conservancy Board.

**D. Public Private Partnership**

The County contracts with Waste Management of Washington for operation of two County-owned transfer stations. This agreement took effect in 2020 and expires in 2025, with a five-year renewal option. The County pays Waste Management for providing services at a fixed rate per ton. Waste Management does not provide payments to the County under this agreement. As such, there is no receivable balance recognized on the financial statements.

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS**

The following table represents the aggregate OPEB amounts for all plans subject to the requirements for GASB Statement 75 for the year 2023:

Aggregate OPEB Amounts-LEOFF 1	
OPEB liabilities	\$2,013,693
OPEB assets	-
Deferred outflows of resources	\$53,534
Deferred inflows of resources	-
OPEB expenses/expenditures	(\$719,823)

**A. PLAN DESCRIPTION**

As required by RCW 41.26, the County provides lifetime medical care for LEOFF 1 retirees. The County provides medical insurance and reimbursements for all necessary hospital, medical and nursing care expenses not payable by workers compensation, social security, insurance provided by another employer, other pension plan, or any other similar source. The County provides supplemental medical insurance for retirees. Under authorization of the LEOFF Disability Board, direct payment is made for other retiree medical expenses not covered by standard medical benefit provisions.

At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	0
Active employees	0
Total	4

In 2023, expenditures of \$25,212 for medical premiums and billings were recognized for post-employment health benefits in the General Fund. The program is funded “pay as you go” there is no qualifying trust.

**B. ASSUMPTIONS AND OTHER INPUTS**

The County’s net OPEB liability was calculated using the alternative measurement method in accordance with the parameters of GASB 75 for employers in plans with fewer than one hundred total plan members utilizing the interactive tool developed by the Office of the State Actuary (OSA) for use by local governments. The following assumptions were used to measure the total OPEB liability, using a measurement and actuarial valuation date of June 30, 2023:

Discount Rate	
Beginning of Measurement Year	3.54%
End of Measurement Year	3.65%
Healthcare Trend Rates	

Medical Costs	Approximately 4.5%, varies by year
Long-Term Care	4.75%
Medicare Part B Premiums	Approximately 5.0%, varies by year
Mortality Rates (assume 100% male population)	
Base Mortality Table	PubS.H-2010 (Public Safety) Blended 50%/50% healthy/disabled
Age Setback	-1 year Healthy / 0 years Disabled
Mortality Improvements	MP-2017 Long-Term Rates
Project Period	Generational
Medical Participation Rate	100%

The following presents the total OPEB liability calculated using the current healthcare cost trend rate as well as what the OPEB liability would be if it were calculated using a rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$1,844,100	\$2,013,693	\$2,505,766

The following presents the total OPEB liability calculated using the current discount rate as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$2,219,512	\$2,013,693	\$1,836,076

### **C. CHANGES IN THE TOTAL OPEB LIABILITY**

A schedule of changes in the total OPEB liability is presented below:

<b>LEOFF 1</b>	
<b>Total OPEB Liability at 01/01/2023</b>	<b>\$2,733,516</b>
Interest	94,384
Changes of experience data and assumptions	(678,403)
Benefit payments	(135,804)
<b>Total OPEB Liability at 12/31/2023</b>	<b>\$2,013,693</b>

At December 31, 2023, the County's reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Payments subsequent to the measurement date	\$53,534	\$0
TOTAL	\$53,534	\$0

## **NOTE 15 – CLOSURE AND POST-CLOSURE CARE COSTS**

Kittitas County owns and operates a single landfill site, the Ryegrass Landfill, which was established in 1980 on a 640-acre parcel. The site consists of two separate landfills: the Municipal Solid Waste Landfill ("Ryegrass MSW"), and the Limited Purpose / Construction Debris Landfill ("LPL/CDL").

### **A. CLOSURE AND POST-CLOSURE COSTS: RYEGRASS MSW**

Ryegrass MSW was closed to new/additional solid waste material in 1998 following an “Agreed Order” from the Washington Department of Ecology (“DOE”). The original order stipulated placement of final cover material on the site, and ongoing maintenance and monitoring for thirty years, through 2028. Management acknowledges the possibility of ongoing revision to the post-closure end-date, based on changes to the underlying legal and regulatory environment, and apprises BOCC of such changes and resourcing requirements ongoing.

The DOE awarded a remedial action grant to assist with 75% of the costs of closure, which concluded in 2000. To ensure adequate resources for post-closure costs, the BOCC established a set-aside of solid waste fee revenues via resolution in 2000. The resolution stipulates a \$1.55 per ton fee to be reserved for Ryegrass MSW post-closure costs, which generated \$69,953 in 2023. The balance of the Ryegrass MSW post-closure reserve is \$1,114,345 as of year-end 2023. Post-closure costs incurred during 2023 were \$40,772.

## **B. CLOSURE AND POST-CLOSURE COSTS: LPL / CDL**

The LPL/CDL continues to accept material. This landfill is at 62% of capacity as of the end of 2023, and will reach its capacity at the end of 2024 based on management estimates. The current permit stipulates twenty-years of maintenance and monitoring following closure.

In 2005 the BOCC established via resolution a separate LPL/CDL post-closure reserve, initially funded with \$200,000 from the Ryegrass MSW post-closure reserve. The resolution also stipulated an ongoing fee of \$2.44 per ton for construction debris to be added to this reserve account, and which generated \$16,175 in 2023. The balance of the LPL/CDL post-closure reserve is \$484,350 as of year-end 2023.

The LPL/CDL closure and post-closure liability is \$1,083,699 as of year-end 2023, and reflects 38% capacity remaining on an estimated combined closure and post-closure cost of \$1.75MM, per 2023 analysis conducted by RW Beck, Inc., and management estimates since the publication of that document.

Management is currently pursuing a new permit based on a revised site-grading plan which would increase capacity to allow for operations through 2043. The site plan was under review as of the end of 2023, and if approved and implemented, would alter all underlying closure and post-closure figures.

## **NOTE 16 – OTHER DISCLOSURES**

### **A. NEW ACCOUNTING STANDARDS**

#### New Accounting Standards

In 2023, the County implemented Governmental Accounting Standards Board (GASB) Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The County also implemented GASB Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement 87, *Leases*, as amended.

**B. SUBSEQUENT EVENTS**

During 2022 the County was approved for a \$10MM loan from the Washington Public Works Trust Fund for construction of a new transfer station site. As of the end of 2023, the County had not yet requested any of the approved funds.

**Kittitas County, Washington**  
**General Fund**  
*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual*  
*For the Year Ended December 31, 2023*

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance With Amended Budget</b>
<b>Revenues</b>				
Property taxes	\$ 10,373,000	\$ 10,324,000	\$ 9,821,334	\$ (502,666)
Sales taxes	9,850,000	9,850,000	13,531,044	3,681,044
Other taxes	309,500	309,500	780,710	471,210
Licenses and permits	273,100	273,100	224,501	(48,599)
Intergovernmental revenues	3,896,641	4,004,358	6,063,670	2,059,312
Charges for services	4,923,255	4,923,255	3,494,141	(1,429,114)
Fines and forfeitures	919,430	919,430	1,022,775	103,345
Investment earnings	874,200	874,200	2,721,635	1,847,435
Rents and concessions	770,577	770,577	880,957	110,380
Miscellaneous	217,669	217,669	783,189	565,520
<b>Total Revenues</b>	<b>32,407,372</b>	<b>32,466,089</b>	<b>39,323,956</b>	<b>6,857,867</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	16,840,081	16,933,081	11,483,274	5,449,807
Economic Environment	-	-	70,074	(70,074)
Judicial	3,401,824	3,401,824	3,204,830	196,994
Physical Environment	155,000	105,000	97,916	7,084
Culture and recreation	4,081,509	2,617,559	2,712,244	(94,685)
Public safety	17,351,342	17,354,755	14,937,118	2,417,637
Health and human services	786,134	786,134	955,004	(168,870)
Transportation	10,500	10,500	-	10,500
<b>Debt service:</b>				
Principal	71,671	71,671	46,355	25,316
Interest	-	-	886	(886)
<b>Capital Outlay</b>	<b>1,161,692</b>	<b>2,706,692</b>	<b>4,621,802</b>	<b>(1,915,110)</b>
<b>Total Expenditures</b>	<b>43,859,753</b>	<b>43,987,216</b>	<b>38,129,503</b>	<b>5,857,713</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(11,452,381)</b>	<b>(11,521,127)</b>	<b>1,194,453</b>	<b>12,715,580</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,050,000	3,350,000	2,364,985	(985,015)
Transfers (out)	(249,813)	(549,813)	(674,336)	(124,523)
Proceeds from debt (lease & SBITA)	-	-	1,312,509	1,312,509
Proceeds from disposition of capital assets	1,000	1,000	36,754	35,754
<b>Net Changes in Fund Balances</b>	<b>(8,651,194)</b>	<b>(8,719,940)</b>	<b>4,234,365</b>	<b>12,954,305</b>
<b>Fund Balances Beginning of Year</b>	<b>21,696,392</b>	<b>19,826,992</b>	<b>32,786,121</b>	<b>12,959,129</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances End of Year</b>	<b>\$ 13,045,198</b>	<b>\$ 11,107,052</b>	<b>\$ 37,020,486</b>	<b>\$ 25,913,434</b>

**Kittitas County, Washington**  
**County Road Fund**  
*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual*  
*For the Year Ended December 31, 2023*

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance With Amended Budget</b>
<b>Revenues</b>				
Property taxes	\$ 8,449,000	\$ 8,449,000	\$ 8,438,567	\$ (10,433)
Other taxes	5,500	5,500	11,118	5,618
Licenses and permits	332,778	332,778	274,718	(58,060)
Intergovernmental revenues	8,171,708	8,171,708	7,032,625	(1,139,083)
Charges for services	1,017,734	1,017,734	1,202,167	184,433
Investment earnings	88,600	88,600	539,449	450,849
Miscellaneous	20,250	20,250	39,898	19,648
<b>Total Revenues</b>	<b>18,085,570</b>	<b>18,085,570</b>	<b>17,538,542</b>	<b>(547,028)</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	672,871	672,871	905,187	(232,316)
Transportation	11,278,633	11,278,733	10,890,547	388,186
<b>Capital Outlay</b>	<b>7,765,000</b>	<b>7,765,000</b>	<b>4,780,964</b>	<b>2,984,036</b>
<b>Total Expenditures</b>	<b>19,716,504</b>	<b>19,716,604</b>	<b>16,576,698</b>	<b>3,139,906</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,630,934)</b>	<b>(1,631,034)</b>	<b>961,844</b>	<b>2,592,878</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,600,000	2,449,208	1,584,228	(864,980)
Transfers out	(221,000)	(221,000)	(56,314)	164,686
Proceeds from disposition of capital assets			20,169	20,169
<b>Net Changes in Fund Balances</b>	<b>(251,934)</b>	<b>597,174</b>	<b>2,509,927</b>	<b>1,912,753</b>
<b>Fund Balances Beginning of Year</b>	<b>6,277,133</b>	<b>7,126,133</b>	<b>6,762,375</b>	<b>(363,758)</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances End of Year</b>	<b>\$ 6,025,199</b>	<b>\$ 7,723,307</b>	<b>\$ 9,272,302</b>	<b>\$ 1,548,995</b>

**Kittitas County, Washington**  
**Airport Fund**  
*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual*  
*For the Year Ended December 31, 2023*

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance With Amended Budget</b>
<b>Revenues</b>				
Intergovernmental revenues	-	2,515,500	1,242,666	(1,272,834)
Charges for services	-	-	70	70
Investment earnings	2,500	2,500	50,607	48,107
Rents and leases	280,575	280,575	173,365	(107,210)
Miscellaneous	940	940	12,976	12,036
<b>Total Revenues</b>	<b>284,015</b>	<b>2,799,515</b>	<b>1,479,684</b>	<b>(1,319,831)</b>
<b>Expenditures</b>				
<b>Current:</b>				
Transportation	669,017	3,464,017	545,052	2,918,965
<b>Capital Outlay</b>	<b>101,000</b>	<b>101,000</b>	<b>1,431,688</b>	<b>(1,330,688)</b>
<b>Total Expenditures</b>	<b>770,017</b>	<b>3,565,017</b>	<b>1,976,740</b>	<b>1,588,277</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(486,002)</b>	<b>(765,502)</b>	<b>(497,056)</b>	<b>268,446</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	630,000	355,095	(274,905)
<b>Net Changes in Fund Balances</b>	<b>(486,002)</b>	<b>(135,502)</b>	<b>(141,961)</b>	<b>(6,459)</b>
<b>Fund Balances Beginning of Year</b>	<b>(82,536)</b>	<b>217,955</b>	<b>403,466</b>	<b>185,511</b>
<b>Fund Balances End of Year</b>	<b>\$ (568,538)</b>	<b>\$ 82,453</b>	<b>\$ 261,505</b>	<b>\$ 179,052</b>

**Kittitas County, Washington**  
**SLFRF**  
*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual*  
*For the Year Ended December 31, 2023*

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance With Amended Budget</b>
<b>Revenues</b>				
Intergovernmental revenues	\$ 1,200,000	\$ 1,200,000	\$ 1,759,506	\$ 559,506
Investment earnings	-	-	695,142	695,142
<b>Total Revenues</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>2,454,648</b>	<b>1,254,648</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	260,000	4,435,030	1,398,711	3,036,319
Physical Environment		-	169,672	(169,672)
Public safety		3,095	3,095	-
Health and human services		300,000	40,497	259,503
<b>Debt service:</b>				
Principal			49,407	(49,407)
Interest			1,624	(1,624)
<b>Capital Outlay</b>		<b>600,000</b>	<b>47,783</b>	<b>552,217</b>
<b>Total Expenditures</b>	<b>260,000</b>	<b>5,338,125</b>	<b>1,710,789</b>	<b>3,627,336</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>940,000</b>	<b>(4,138,125)</b>	<b>743,859</b>	<b>4,881,984</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(330,000)	(55,095)	(274,905)
<b>Net Changes in Fund Balances</b>	<b>940,000</b>	<b>(4,468,125)</b>	<b>688,764</b>	<b>5,156,889</b>
<b>Fund Balances Beginning of Year</b>	<b>(2,386,936)</b>	<b>(4,475,061)</b>	<b>(564,912)</b>	<b>3,910,149</b>
<b>Fund Balances End of Year</b>	<b>\$ (1,446,936)</b>	<b>\$ (8,943,186)</b>	<b>\$ 123,852</b>	<b>\$ 9,067,038</b>

**KITTITAS COUNTY**  
**Required Supplementary Information**  
**2023 Annual Report**  
**Information about Infrastructure Assets Reported Using the Modified Approach**

**Asset Management System**

Kittitas County maintains an Asset Management System that includes an up-to-date inventory of all gravel roads. This inventory also identifies the condition of gravel roads owned by the County. The County's Public Works Department assesses the condition of gravel roads on an annual basis.

**Required Documentation**

The Governmental Accounting Standards Board (GASB) Statement #34 requires the County to report infrastructure capital assets. The County has elected to use the "Modified Approach", as defined by GASB Statement #34, for reporting its gravel roads, thereby forgoing depreciation of these assets. Under this alternative method, the County reports certain maintenance and preservation costs and does not report depreciation expenses. In order to utilize the modified approach, the County is required to:

- Maintain an up-to-date asset management system and inventory.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate the annual cost to maintain and preserve the assets at the condition level established and disclosed by the County.
- Document that the assets are being preserved approximately at, or above, the established condition level.

**Condition Assessment Methods**

Kittitas County's Public Works Department had previously used maintenance and financial records to determine the condition level of gravel roads. In 2012, Kittitas County's Public Works Department began a new assessment system (see Attachment A). This rating system is conducted by the Road Log Engineering Technician who fills out rating forms for each gravel road while doing a field assessment. This new rating system is more robust and thorough because each gravel road is physically surveyed and scored by one person, instead of relying on maintenance and financial records provided by various maintenance personnel.

**Gravel Roads in Kittitas County**

Kittitas County owns and maintains over 80 miles of gravel roads, of which about 20 miles are standard gravel roads (non-primitive) and about 60 miles are primitive gravel roads. The standard gravel roads (non-primitive) are those roads that have an average of 101 or more annual daily vehicles and have road signs and warning signs placed along the roadway in accordance with the Manual on Uniform Traffic Control Devices. Primitive gravel roads have 100 or less annual daily vehicles and no design, signing, or maintenance standards are required other than the requirement that warning signs be placed that apply to primitive roads.

**Budgeted and Estimated Costs to Maintain Infrastructure**

The County's estimate of spending to preserve and maintain gravel roads at or above the established condition levels is shown in Table A below. This table indicates the estimated budgeted amount and the actual amount spent during the past six fiscal years.

<b>Table A Costs to Maintain Gravel Roads in Kittitas County</b>		
<i>Fiscal Year</i>	<i>Estimated Spending</i>	<i>Actual Spending</i>
2018	\$500,000	\$281,399
2019	\$350,000	\$343,888
2020	\$190,767	\$298,834
2021	\$322,463	\$484,662
2022	\$292,618	\$328,044
2023	\$289,865	\$321,465

**Condition Level Description**

Kittitas County manages its gravel road network using a priority array program. The gravel road condition rating is a numerical condition scale ranging from 1 (severely deficient) to 5 (excellent condition). The ratings are described as follows:

<b>Table B Gravel Road Condition Rating Description</b>		
<i>Score</i>	<i>Attribute</i>	<i>Description</i>
1	Severely Impaired and load restricted	Impassable for heavy loads and requires load restrictions or road closure until repaired.
2	Poor Condition	Rough ride in places, requires spot grading, spot graveling, shoulder damage repair, or roadside flood damage repair.
3	Fair Condition	Road surface is in fair condition, rough ride in places but does not require grading or graveling.
4	Good Condition	Road surface is not new but in good condition and no maintenance needed.
5	Excellent Condition	New road surface, no maintenance needed.

### **Established Condition Level**

The County has established an acceptable condition level of 3 (Fair Condition) and preserves 80% of its assets (non-primitive gravel roads) at or above this level. The condition of some gravel roads may drop below fair condition due to very limited use of the section of road.

The established condition level has been revised for gravel roads that are classified as primitive roads. Primitive roads do not have an established condition level because they are, by definition, not required to have any design, signing, or maintenance standards or requirements other than the requirement that warning signs be placed as provided in RCW 36.75.300. The condition of primitive roads is assessed and shown in Table E for general information.

Detailed documentation of disclosed assessment levels is kept on file.

<b>Table C Condition Rating of All Gravel Roads in Kittitas County Prior to New Assessment Methodology</b>							
<b>Year</b>	<b>Total Miles</b>	<b>Gravel Road Condition Rating Scores as a Percentage</b>					
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>% Rated 3 +</b>
<b>2008</b>	67.84	0	19.7	45.7	34.6	0	<b>80%</b>
<b>2009</b>	67.84	0	19.7	42.9	37.4	0	<b>80%</b>
<b>2010</b>	67.84	0	0	0	98.4	1.6	<b>100%</b>
<b>2011</b>	67.84	0	10.6	56.9	32.5	0	<b>89%</b>

**Table D  
Condition Rating of  
Standard Gravel Roads (non-primitive) in Kittitas County**

Year	Total Miles	Gravel Road Condition Rating Scores as a Percentage					
		1	2	3	4	5	% Rated 3 +
2012	22.69	0.09mi 0.44%	0.26mi 1.15%	1.68mi 7.40%	15.03mi 66.24%	5.63mi 24.77%	<b>22.34mi</b> <b>98.41%</b>
2013	23.16	0mi	0.05mi 0.22%	4.06mi 17.53%	16.06mi 69.34%	2.45mi 10.57%	<b>22.57mi</b> <b>97.44%</b>
2014	22.52	0mi	0.05 mi 0.22%	1.12mi 4.97%	7.91mi 35.12%	13.44mi 59.68%	<b>22.47mi</b> <b>99.78%</b>
2015	20.63	0.05 mi 1 %	0mi	0.07 mi 1%	3.85 mi 18%	16.54mi 80%	<b>20.46mi</b> <b>99%</b>
2016	20.04	0mi	0mi	1.01mi 5.039%	10.92mi 54.491%	8.11mi 40.469%	<b>20.04mi</b> <b>100%</b>
2017	20.11	0.22mi 1.09%	0.08mi 0.4%	4.43mi 22.03%	5.28mi 26.26%	10.10mi 50.22%	<b>19.81mi*</b> <b>98.51%</b>
2018	19.09	0mi	0.15mi 0.79%	1.22mi 6.39%	10.69mi 56.00%	7.03mi 36.83%	<b>18.94mi</b> <b>99.21%</b>
2019	20.26	0mi	0.08mi 0.4%	5.57mi 27.49%	9.80mi 48.37%	4.81mi 23.74%	<b>20.18mi</b> <b>99.6%</b>
2020	20.26	0mi	0.08mi 0.4%	3.21 15.84%	16.66 82.23%	0.31 1.53%	<b>20.18mi</b> <b>99.6%</b>
2021	20.53	0mi	0.25mi 1.2%	0.59mi 2.8%	16.77mi 81.69%	2.92mi 14.22%	<b>20.28mi</b> <b>98.78%</b>
2022	19.36	0mi	0.08mi .41%	4.18mi 21.59%	12.75mi 65.86%	2.35mi 12.14%	<b>19.28</b> <b>99.59%</b>
2023	19.36	0mi	0.24mi 1.24%	7.00mi 36.15%	9.29mi 47.99%	2.83mi 14.62%	<b>19.12mi</b> <b>98.76%</b>

\*Corrected value from previous report

**Table E**  
**Condition Rating of**  
**Primitive Gravel Roads in Kittitas County**

Year	Total Miles	Primitive Gravel Road Condition Rating Scores as a Percentage					
		1	2	3	4	5	% Rated 3 +
2012	44.13	2.87mi 6.50%	15.02mi 34.03%	8.82mi 19.99%	11.56mi 26.20%	5.86mi 13.28%	<b>26.24mi</b> <b>59.47%</b>
2013	42.76	1.81mi 4.25%	17.57mi 41.29%	13.29mi 31.22%	9.27mi 21.79%	0.62mi 1.45%	<b>23.18mi</b> <b>54.46%</b>
2014	43.40*	0.87mi 2.01%	13.5mi 31.25%	3.47mi 8.26%	12.42mi 28.75%	12.84mi 29.72%	<b>28.83mi</b> <b>66.74%</b>
2015	43.40	0.87mi 2%	13.5mi 31%	1.49mi 3%	11.47mi 26%	16.07mi 38%	<b>29.03mi</b> <b>67%</b>
2016	43.40	0mi	20.64mi 47.55%	3.06mi 7.05%	4.15mi 9.56%	15.55mi 35.82%	<b>26.91mi</b> <b>62%</b>
2017	43.20*	0mi	19.48mi 45.09%	5.41mi 12.52%	9.17mi 21.23%	9.14mi 21.16%	<b>23.72mi*</b> <b>54.91%</b>
2018	45.45	0mi	26.08mi 58.97%	3.91mi 8.60%	9.28mi 20.42%	5.46mi 12.01%	<b>18.65mi</b> <b>41.03%</b>
2019	43.29	18.59mi 42.94%	1.67mi 3.85%	8.06mi 18.61%	13.51mi 31.2%	1.46mi 3.37%	<b>23.03mi</b> <b>53.19%</b>
2020	60.59	21.37mi 35.26%	0.10mi 0.1%	27.55mi 45.47%	10.75mi 17.74%	0.82mi 1.43%	<b>39.12mi</b> <b>64.56%</b>
2021	60.67	21.37mi 35.22%	0.10mi 0.16%	23.65mi 38.98%	15.01mi 24.74%	0.54mi 0.89%	<b>39.2mi</b> <b>64.61%</b>
2022	60.89	20.41mi 33.52%	2.72mi 4.47%	25.91mi 42.55%	9.41mi 15.45%	2.44mi 4.01%	<b>37.76mi</b> <b>62.01%</b>
2023	60.89	18.67mi 30.66%	0.78mi 1.28%	13.68mi 22.47%	26.02mi 42.73%	1.74mi 2.86%	<b>41.44mi</b> <b>68.06%</b>

\*Corrected value from previous report

**Attachment A  
Gravel Road Condition Rating Form**

**Kittitas County  
Department of Public Works 1/29/2024  
Gravel Road Rating Worksheet**

Road Name: \_\_\_\_\_ Road No. \_\_\_\_\_

From: \_\_\_\_\_ to \_\_\_\_\_

ADT \_\_\_\_\_ FFC \_\_\_\_\_ Posted Speed Limit \_\_\_\_\_ Scorer \_\_\_\_\_

Check the following:

- CROWN
- DRAINAGE
- GRAVEL LAYER
- SURFACE DEFORMATION
- SURFACE DEFECTS

ROUTES : US Mail Route ?  
School Bus Route?

**CONNECTOR  
MAINTENANCE COSTS**

5 Excellent	No distress. Dust controlled. Excellent surface condition and ride.	New construction or total reconstruction. Excellent drainage. Little or no maintenance needed.
4 Good	Dust under dry conditions. Moderate loose aggregate. Slight wash boarding.	Recently re-graded. Good crown & drainage. Adequate gravel for traffic. Routine grading & dust control may be needed.
3 Fair	Good crown(3"-6"). Adequate ditches on more than 50% of road. Gravel layer mostly adequate/ additional may be needed to correct wash boarding or potholes/ ruts. Some culvert cleaning needed. Moderate wash boarding (1"-2" deep) over 10%-25%. Moderate dust. None or slight rutting. Occasional small potholes. Some loose aggregate.	Shows traffic effects. Re-grading (re-working) needed to maintain. Needs some ditch improvement and culvert maintenance. Some areas may need additional gravel
2 Poor	Little or no roadway crown (less than 3"). Adequate ditches on less than 50% of road. Portions of ditches may be filled / overgrown / eroded. 25% with little or no aggregate. Culverts partially full of debris. Moderate to severe wash boarding (over 3" deep) over 25% of area. Moderate rutting (1" – 3") over 10%-25% . Severe loose aggregate.	Travel at slow speeds (less than 25mph) required. Needs additional new aggregate. Major ditch construction and culvert maintenance also required.
1 Failed	No roadway crown or roadway is bowl shaped with extensive ponding. Little if any ditching. Filled or damaged culverts. Severe rutting (over 3" deep), over 25% of the area. Severe potholes (over 4" deep), no aggregate.	Travel is difficult and road may be closed at times. Needs complete rebuilding and/ or new culverts.

TOTAL PROJECT RATING \_\_\_\_\_ DATE \_\_\_\_\_

Kittitas County  
Schedule of Changes in Total OPEB Liability and Related Ratios  
LEOFF 1  
For the year ended June 30

	2018	2019	2020	2021	2022	2023
<b>Total OPEB liability - beginning</b>	3,179,140	3,058,708	3,473,105	3,588,724	3,292,395	2,733,516
Interest	111,355	116,296	118,822	77,181	69,434	94,384
Changes of assumptions	(93,264)	406,431	154,516	(179,684)	(471,760)	(678,403)
Benefit payments	(138,523)	(108,330)	(157,719)	(193,826)	(156,553)	(135,804)
<b>Total OPEB liability - ending</b>	<u>3,058,708</u>	<u>3,473,105</u>	<u>3,588,724</u>	<u>3,292,395</u>	<u>2,733,516</u>	<u>2,013,693</u>
<b>Covered-employee payroll</b>	-	-	-	-	-	-
<b>Total OPEB liability as a % of covered payroll</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Notes to Schedule:**

\* Until a full 10-year trend is compiled, only information for those years available is presented.  
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

KITTITAS COUNTY, WASHINGTON

Schedule of Proportionate Share of the Net Pension Liability/Asset - PERS 1, PERS 2/3, PSERS 2, LEOFF 1, LEOFF 2  
As of June 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>PERS 1</b>									
Employer's proportion of the net pension liability (asset)	0.110864%	0.106966%	0.112327%	0.111944%	0.111655%	0.113936%	0.12697%	0.125500%	0.114286%
Employer's proportionate share of the net pension liability (asset)	5,789,218	5,713,966	5,330,004	4,990,010	4,393,531	4,022,556	1,498,417	3,495,773	2,608,883
Covered payroll	12,751,361	12,751,139	13,743,477	14,220,577	15,107,518	16,029,062	18,110,192	19,508,420	20,355,522
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	47.24%	44.81%	38.78%	35.15%	28.42%	24.19%	8.27%	17.92%	12.88%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%	76.56%	80.16%
<b>PERS 2 &amp; 3</b>									
Employer's proportion of the net pension liability (asset)	0.118491%	0.111397%	0.118686%	0.118055%	0.118637%	0.121014%	0.130241%	0.135216%	0.126511%
Employer's proportionate share of the net pension liability (asset)	4,233,751	5,608,751	4,123,771	2,015,684	1,152,369	1,547,700	(12,974,099)	(5,014,865)	(5,185,285)
Covered payroll	10,519,395	10,975,818	11,826,723	12,244,306	12,970,955	14,308,629	15,585,602	16,766,461	17,661,475
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	40.25%	51.10%	34.87%	16.46%	8.88%	10.82%	-83.24%	-29.91%	-29.36%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%	120.29%	106.73%	107.02%
<b>PSERS 2</b>									
Employer's proportion of the net pension liability (asset)	0.424215%	0.362730%	0.401565%	0.390713%	0.363890%	0.291763%	0.303583%	0.346416%	0.346416%
Employer's proportionate share of the net pension liability (asset)	77,428	154,153	78,679	4,841	(47,320)	(40,147)	(697,449)	(247,687)	(333,379)
Covered payroll	1,242,054	1,288,743	1,441,466	1,547,780	1,686,004	1,822,418	2,057,767	2,345,406	2,413,697
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	6.23%	11.96%	5.46%	0.31%	-2.81%	-2.20%	-33.89%	-10.56%	-13.81%
Plan fiduciary net position as a percentage of the total pension liability	90.92%	90.41%	96.26%	99.79%	101.85%	101.86%	123.67%	105.96%	107.90%
<b>LEOFF 1</b>									
Employer's proportion of the net pension liability (asset)	0.009538%	0.009641%	0.009552%	0.008598%	0.086500%	0.008840%	0.008968%	0.009488%	0.009536%
Employer's proportionate share of the net pension liability (asset)	(114,954)	(99,330)	(144,925)	(156,097)	(170,977)	(166,944)	(307,204)	(272,174)	(283,031)
State's proportionate share of the net pension liability (asset) associated with the employer	(777,546)	(671,866)	(980,269)	(1,055,836)	(1,156,484)	(1,129,205)	(2,077,923)	(1,840,978)	(1,914,415)
TOTAL	(892,500)	(771,196)	(1,125,194)	(1,211,933)	(1,327,461)	(1,296,149)	(2,385,127)	(2,113,152)	(2,197,446)
Covered payroll									
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	127.36%	123.74%	135.96%	144.42%	148.78%	146.88%	187.45%	169.62%	175.99%
<b>LEOFF 2</b>									
Employer's proportion of the net pension liability (asset)	0.009703%	0.078567%	0.078824%	0.083794%	0.794693%	0.074422%	0.087953%	0.081526%	0.084662%
Employer's proportionate share of the net pension liability (asset)	(1,024,747)	(456,969)	(1,093,822)	(1,701,201)	(1,841,609)	(1,518,100)	(5,108,674)	(2,215,630)	(2,030,701)
State's proportionate share of the net pension liability (asset) associated with the employer	(58,166)	(287,911)	(709,542)	(1,101,495)	(1,206,007)	(970,710)	(3,295,653)	(1,435,237)	(1,296,785)
TOTAL	(1,082,913)	(754,880)	(1,803,364)	(2,802,696)	(3,047,616)	(2,488,810)	(8,404,327)	(3,650,867)	(3,327,486)
Covered payroll	2,894,005	2,367,288	2,487,299	2,687,908	2,742,218	2,848,298	3,302,098	3,254,865	3,765,913
Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	-35.41%	-19.33%	-43.98%	-63.29%	-67.16%	-53.30%	-154.71%	-68.07%	-53.92%
Plan fiduciary net position as a percentage of the total pension liability	111.67%	106.04%	113.36%	118.50%	119.43%	115.83%	142.00%	116.09%	113.17%

**REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans**

**KITTITAS COUNTY, WASHINGTON**

Schedule of Employer Contributions - PERS 1, PERS 2/3, PSERS 2, LEOFF 1, LEOFF 2

As of December 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>PERS 1</b>									
Statutorily or contractually required contributions	566,744	638,541	718,780	778,452	806,157	885,130	855,962	755,447	728,442
Contributions in relation to the statutorily or contractually required contributions	(566,744)	(638,541)	(718,780)	(778,452)	(806,157)	(885,130)	(855,962)	(755,447)	(728,442)
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0
Covered payroll	12,275,361	12,751,139	14,048,798	14,688,420	15,582,618	17,639,940	18,791,843	19,660,161	21,353,827
Contributions as a percentage of covered employee payroll	4.62%	5.01%	5.12%	5.30%	5.17%	5.02%	4.55%	3.84%	3.41%
<b>PERS 2 &amp; 3</b>									
Statutorily or contractually required contributions	593,742	683,790	831,911	945,949	1,026,501	1,199,547	1,170,347	1,081,386	1,194,115
Contributions in relation to the statutorily or contractually required contributions	(593,742)	(683,790)	(831,911)	(945,949)	(1,026,501)	(1,199,547)	(1,170,347)	(1,081,386)	(1,194,115)
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0
Covered payroll	10,547,981	10,975,818	12,132,058	12,617,276	13,430,653	15,153,072	16,133,932	17,002,883	18,775,554
Contributions as a percentage of covered employee payroll	5.63%	6.23%	6.86%	7.50%	7.64%	7.92%	7.25%	6.36%	6.36%
<b>PSERS 2</b>									
Statutorily or contractually required contributions	78,916	84,928	98,035	112,323	119,202	143,664	151,235	156,202	164,497
Contributions in relation to the statutorily or contractually required contributions	(78,916)	(84,928)	(98,035)	(112,323)	(119,202)	(143,665)	(151,235)	(156,202)	(164,497)
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0
Covered payroll	1,219,050	1,288,743	1,470,961	1,638,087	1,678,150	1,995,175	2,193,143	2,390,911	2,475,823
Contributions as a percentage of covered employee payroll	6.47%	6.59%	6.66%	6.86%	7.10%	7.20%	6.90%	6.53%	6.64%
<b>LEOFF 2</b>									
Statutorily or contractually required contributions	130,605	119,395	140,709	143,682	144,507	167,524	170,181	178,027	209,975
Contributions in relation to the statutorily or contractually required contributions	(130,605)	(119,395)	(140,709)	(143,682)	(144,507)	(167,524)	(170,181)	(178,027)	(209,975)
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0
Covered payroll	2,586,232	2,364,248	2,666,191	2,671,628	2,697,044	3,162,848	3,221,921	3,463,732	3,912,012
Contributions as a percentage of covered employee payroll	5.05%	5.05%	5.28%	5.38%	5.36%	5.30%	5.28%	5.14%	5.37%

**Kittitas County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
<b>SNAP Cluster</b>								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Health)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CLH31015	34,915	-	34,915	-	1,2
<b>Total SNAP Cluster:</b>				<b>34,915</b>	<b>-</b>	<b>34,915</b>	<b>-</b>	
<b>Forest Service Schools and Roads Cluster</b>								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF	Schools and Roads - Grants to States	10.665		-	254,530	254,530	-	1,4
<b>Total Forest Service Schools and Roads Cluster:</b>				<b>-</b>	<b>254,530</b>	<b>254,530</b>	<b>-</b>	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-6221C-115	174,131	-	174,131	174,131	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	22-62210-008	36,634	-	36,634	34,884	1

The accompanying notes are an integral part of this schedule.

**Kittitas County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	22-62210-008 (Amend A)	38,167	-	38,167	36,417	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	21-62210-030	77,325	-	77,325	77,325	1
			<b>Total ALN 14.228:</b>	<b>326,257</b>	<b>-</b>	<b>326,257</b>	<b>322,757</b>	
OJP BUREAU OF JUSTICE ASSISTANCE, JUSTICE, DEPARTMENT OF	Strengthening the Medical Examiner - Coroner System	16.037		-	1,789	1,789	-	1
OJP BUREAU OF JUSTICE ASSISTANCE, JUSTICE, DEPARTMENT OF	Strengthening the Medical Examiner - Coroner System	16.037		-	82,856	82,856	-	1,3
			<b>Total ALN 16.037:</b>	<b>-</b>	<b>84,645</b>	<b>84,645</b>	<b>-</b>	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Seattle Police Department)	Missing Children's Assistance	16.543	15PJD-21-GK- 03807-MECP	7,500	-	7,500	-	1

The accompanying notes are an integral part of this schedule.

**Kittitas County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via Comprehensive Healthcare)	Violence Against Women Formula Grants	16.588	F22-31103-042 (MOU)	11,562	-	11,562	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607		-	50,195	50,195	-	1
OJP BUREAU OF JUSTICE ASSISTANCE, JUSTICE, DEPARTMENT OF (via Washington State Patrol)	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	K17932-3	60,465	-	60,465	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		-	25,102	25,102	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838		-	178,299	178,299	-	1
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106		-	220,084	220,084	-	1

The accompanying notes are an integral part of this schedule.

**Kittitas County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	-	83,812	83,812	83,812	-	1
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	-	742,054	742,054	742,054	-	1
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	-	116,333	116,333	116,333	-	1
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	COVID 19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	-	65,715	65,715	65,715	-	1
			<b>Total ALN 20.106:</b>	<b>1,227,998</b>	<b>1,227,998</b>	<b>1,227,998</b>	<b>-</b>	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BROS-2019 (033) LA-10467	538,720	-	538,720	-	1

*The accompanying notes are an integral part of this schedule.*

**Kittitas County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BROS-2019- (032) LA-10466	524,164	-	524,164	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (564) LA-9949	402	-	402	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (607) LA-10253	613,744	-	613,744	-	1,3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BHS-J191(004) LA-9950	6,836	-	6,836	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STBGR-STBG- D190(001) LA- 10400	1,199,566	-	1,199,566	-	1
			<b>Total ALN 20.205:</b>	<b>2,883,432</b>	<b>-</b>	<b>2,883,432</b>	<b>-</b>	

The accompanying notes are an integral part of this schedule.

**Kittitas County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Department of Transportation)	Federal Lands Access Program	20.224	FLAP-2019 (031) LA-10327	473,612	-	473,612	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Department of Transportation)	Federal Lands Access Program	20.224	FLAP-19DE (001) LA-10049	460,564	-	460,564	-	1
<b>Total ALN 20.224:</b>				<b>934,176</b>	<b>-</b>	<b>934,176</b>	<b>-</b>	
<b>Highway Safety Cluster</b>								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission (WTSC))	State and Community Highway Safety	20.600	2023-HVE-4693	18,049	-	18,049	-	1
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Traffic Safety Commission (WTSC) & WA Assoc of Sheriffs & Police Chiefs (WASPC))	State and Community Highway Safety	20.600	SH23-011	5,675	-	5,675	-	1

The accompanying notes are an integral part of this schedule.

**Kittitas County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission (WTSC))	State and Community Highway Safety	20.600	2024 HVE Traffic Safety	1,939	-	1,939	-	1
<b>Total Highway Safety Cluster:</b>				<b>25,663</b>	<b>-</b>	<b>25,663</b>	<b>-</b>	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	1,765,885	1,765,885	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Health)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	CLH31015	28,458	-	28,458	-	1,2
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Health)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	CLH31015	18,197	-	18,197	-	1,2
<b>Total ALN 21.027:</b>				<b>46,655</b>	<b>1,765,885</b>	<b>1,812,540</b>	<b>-</b>	
SMALL BUSINESS ADMINISTRATION, SMALL BUSINESS ADMINISTRATION	COVID 19 - Shuttered Venue Operators Grant Program	59.075		-	370,197	370,197	-	1,3
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via Office of the Secretary of State)	HAVA Election Security Grants	90.404	IG-6938	43,188	-	43,188	-	1

The accompanying notes are an integral part of this schedule.

**Kittitas County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ELECTION ASSISTANCE COMMISSION, ELECTION ASSISTANCE COMMISSION (via Office of the Secretary of State)	HAVA Election Security Grants	90.404	IG-6938	4,006	-	4,006	-	1,3
<b>Total ALN 90.404:</b>				<b>47,194</b>	<b>-</b>	<b>47,194</b>	<b>-</b>	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Public Health Emergency Preparedness	93.069	CLH31015	50,530	-	50,530	-	1,2
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Immunization Cooperative Agreements	93.268	CLH31015	12,264	-	12,264	-	1,2
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	CLH31015	270,072	-	270,072	-	1,2

*The accompanying notes are an integral part of this schedule.*

**Kittitas County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA ST Dept of Health & WA Assoc of Sheriffs & Police Chiefs (WASPC))	COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Detection & Mitigation (D&M) Covid 19 Jails-2022-001	59,906	-	59,906	-	1
			<b>Total ALN 93.323:</b>	<b>329,978</b>	<b>-</b>	<b>329,978</b>	<b>-</b>	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	CLH31015	34,854	-	34,854	-	1,2
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	COVID 19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	GVL26649	189,817	-	189,817	-	1,2
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	State Physical Activity and Nutrition (SPAN)	93.439	CLH31015	74,356	-	74,356	-	1,2

*The accompanying notes are an integral part of this schedule.*

**Kittitas County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Child Support Services	93.563	2110-80579	38,814	-	38,814	-	1
<b>Medicaid Cluster</b>								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Medical Assistance Program	93.778	K2747-02	6,344	-	6,344	-	1,2
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Medical Assistance Program	93.778	K4649	64,756	-	64,756	-	1,2
<b>Total Medicaid Cluster:</b>				<b>71,100</b>	<b>-</b>	<b>71,100</b>	<b>-</b>	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Health)	Maternal and Child Health Services Block Grant to the States	93.994	CLH31015	45,596	-	45,596	-	1,2

The accompanying notes are an integral part of this schedule.

**Kittitas County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Parks)	Boating Safety Financial Assistance	97.012	MLE-123-343	92,170	-	92,170	-	1
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Parks)	Boating Safety Financial Assistance	97.012	MLE 123-407	9,137	-	9,137	-	1
			<b>Total ALN 97.012:</b>	<b>101,307</b>	<b>-</b>	<b>101,307</b>	<b>-</b>	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4481-DR-WA	382,097	-	382,097	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Emergency Management Performance Grants	97.042	E22-217	1,489	-	1,489	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	COVID 19 - Emergency Management Performance Grants	97.042	E22-264 & E22- 264-1	23,550	-	23,550	-	1

*The accompanying notes are an integral part of this schedule.*

**Kitittas County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Emergency Management Performance Grants	97.042	E23-184	18,709	-	18,709	-	1
<b>Total ALN 97.042:</b>				<b>43,748</b>	<b>-</b>	<b>43,748</b>	<b>-</b>	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Cooperating Technical Partners	97.045	-	-	58,400	58,400	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Fire Management Assistance Grant	97.046	FM-5253-WA	1,436	-	1,436	-	1,3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E22-131	14,748	-	14,748	-	1
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	E22-187	6,021	-	6,021	-	1

*The accompanying notes are an integral part of this schedule.*

**Kittitas County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	22HSGP (SHSP)	19,174	-	19,174	-	1
<b>Total ALN 97.067:</b>				<b>39,943</b>	<b>-</b>	<b>39,943</b>	<b>-</b>	
<b>Total Federal Awards Expended:</b>				<b>5,793,659</b>	<b>4,015,251</b>	<b>9,808,910</b>	<b>322,757</b>	

The accompanying notes are an integral part of this schedule.

**KITTITAS COUNTY**

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023**

Note 1 - Basis of Accounting

This Schedule is prepared on the same basis of accounting as the county's financial statements. The county uses the modified accrual system of accounting

Note 2 - Federal Indirect Cost Rate

The county has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance

County: The amount expended includes an indirect cost recovery using an approved indirect cost rate of 13.3 percent

Public Health: The amount expended includes an indirect cost recovery using an approved indirect cost rate of 21 percent

Note 3 - Prior Period Expenses

Amounts listed are from a prior period.

Note 4 - In-Lieu of Taxes/Unrestricted Funds

In lieu of taxes, unrestricted funds used for general operations of County Road Fund

Notes to Schedule 16

Page 1 of 1



**CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER  
 UNIFORM GUIDANCE**

**Kittitas County**  
**January 1, 2023 through December 31, 2023**

This schedule presents the corrective action planned by the County for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

<b>Finding ref number:</b> 2023-001	<b>Finding caption:</b> The County did not have adequate internal controls for ensuring compliance with federal reporting requirements.
<b>Name, address, and telephone of County contact person:</b> Brian Carlson, 205 W. 5th Avenue, Ellensburg WA 98926, 509.962.7504	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>County has incorporated additional grant-specific templates into its budget- development process, thereby increasing visibility of all County grant awards to finance staff. County is also in the process of an ERP upgrade to include a robust grants- management module. The resulting visibility and standardization of both appropriations-setting and accounting for grant awards will enable coordination between Finance and other departments/offices for grants administration and will ensure uninterrupted integrity of internal controls during the inevitable staff-turnover that triggers this type of deficiency.</i>	
<b>Anticipated date to complete the corrective action:</b> 03/31/2025	

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

### Stay connected at [sao.wa.gov](http://sao.wa.gov)

- [Find your audit team](#)
- [Request public records](#)
- Search BARS Manuals ([GAAP](#) and [cash](#)), and find [reporting templates](#)
- Learn about our [training workshops](#) and [on-demand videos](#)
- Discover [which governments serve you](#) — enter an address on our map
- Explore public financial data with the [Financial Intelligence Tool](#)

### Other ways to stay in touch

- Main telephone:  
(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)